

Friday May 27 1988

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
Weekend May 28/May 29 1988

CONSISTENCY,
PROFITABILITY,
LEADERSHIP+VISION.
WOLSELEY

D 8523 A

No. 30,550

WORLD NEWS

Coaster sinks after N Sea collision

A Dutch coaster with a cargo of highly flammable chemicals sank yesterday in the North Sea off the Netherlands after colliding with a Swedish freighter. One crew member of the Dutch ship was missing.

A fire also broke out yesterday on a P&O freight ferry as it sailed from Zeebrugge to Dover. Crewmen extinguished the engine-room blaze on the European Trader, which was later towed to Dunkirk. P&O pickets vote to stand firm, Back Page

Voting rights plan

Restrictions on voting rights of British citizens living abroad are likely to be eased before the next general election, Back Page

Mail price rise sought

The Post Office wants to raise the price of first and second class postage stamps by 1p in September, Page 4

Tube safety 'deficient'

London Underground chief Tony Ridley admitted shortcomings in safety management to the King's Cross fire inquiry, but said the spread of the blaze could not have been foreseen, Back Page

Siege men sentenced

Four men were jailed for a total of 27 years at Peterhead High Court, Scotland, for their part in a siege at Peterhead Prison last September in which two prison officers were tortured.

Air travel threat lifted

A threat of disruption to air travel during the bank holiday weekend was lifted when 3,000 British Airways maintenance engineers at Heathrow Airport, London, ended a strike, Page 5

Spycatcher warning

Attorney General Sir Patrick Mayhew has warned bookshelves that they risk contempt of court if they continue selling Spycatcher, the book by former MI6 officer Peter Wright, Page 4

Jury corruption move

Home Secretary Douglas Hurd announced an initiative to prevent corruption among jurors by authorising police to increase checking procedures.

Iran rules out talks

Iran ruled out a negotiated end to the war with Iraq and played down reports of a big Iraqi victory, Page 2

Softer view on Palestine

The Soviet Union has abandoned its insistence on the creation of an independent Palestinian state, according to Israel, Page 2

Seoul protests crushed

About 4,000 riot police in Seoul, South Korea, crushed anti-US demonstrations by radicals as the Government ordered steps against violence before the Olympic Games.

Politician's home bombed

A bomb wrecked the empty holiday home of Spanish right-wing leader and former cabinet minister Manuel Fraga Iribarne in north-west Spain.

Bank Holiday publication

The Financial Times will not be published on Bank Holiday Monday.

BUSINESS SUMMARY

Shareholders asked to back B&C donation

BRITISH & COMMONWEALTH Holdings, the Conservative Party's most generous corporate donor of £237,000 last year, is for the first time seeking shareholders' explicit approval for contributions. It will seek approval for £100,000 this year in total donations to Conservative bodies, Page 8

LONDON SHARES were dominated by the takeover battle for Rowntree and foreign interest in Cadbury-Schweppes. The FT

FT Index
Ordinary Share (hourly movements)
1440
1430
1420
1410
1400
23 May 1988 27

Ordinary Index opened the week at 1,417.7, peaked at 1,437.7 on Wednesday and ended yesterday at 1,430. Page 12; Lex, Back Page

TEKACO's board formally rejects Carl Inch's bid

TEKACO's board formally rejected Carl Inch's £14.5bn hostile bid for the US energy group described it as a "non-offer", but Mr Inch said he would continue his battle.

SECURITIES and Investments Board, using powers under the Financial Services Act for the first time, obtained a court order

SECURITIES and Investments Board, using powers under the Financial Services Act for the first time, obtained a court order appointing the Official Receiver provisional liquidator of Barlow Closes Gilt Managers, a subsidiary of the James Ferguson financial services group. It has 7,000 clients and \$50m under management.

CENTRAL CAPITAL Corporation of Canada has bought the private client and investment management arms of UK stockbroker

CENTRAL CAPITAL Corporation of Canada has bought the private client and investment management arms of UK stockbroker Capel-Cure Myers from ANZ Banking Group, Back Page

DRESDNER BANK, West Germany's second biggest, plans to take about 70 per cent of Thomson & Co on terms valuing the UK bank management group at

DRESDNER BANK, West Germany's second biggest, plans to take about 70 per cent of Thomson & Co on terms valuing the UK bank management group at \$25.2m. Back Page

BANK OF ENGLAND is transferring to the Treasury the 38.6m British Petroleum shares it bought after the failed £7.5bn flotation last October. Page 8

LUCCAS INDUSTRIES, UK maker of vehicle and aerospace parts, is selling its Birmingham plastic components factory to Dutch industrial group Wolters Schaerberg. Page 4

GERMINA, Italian holding company in which Fiat has the biggest stake, is to sell its intercontinental insurance arm to Swiss insurer Winterthur. Page 10

JAPANESE STEELMAKERS Nippon, NKK, Kobe and Nisshin surged into profit last year after previous big losses. Page 19

SEDGWICK GROUP, UK insurance broker and one of the world's top three, best forecasts with first-quarter pre-tax profits 18 per cent lower at \$48.9m. Page 8

UNIT TRUSTS: Format changes have made in the FT Unit Information Service. Subsector headings have been created and the addresses and telephone numbers of some fund managers have been removed to conform with advertising constraints imposed by the Financial Services Act. Pages 14-17

MARKETS

DOLLAR
New York lunchtime: DM 1.7185
FFr 5.7835
Sfr 1.437
Y125.03
London:
DM 1.716 (L7065)
FFr 5.78 (S7825)
Sfr 1.436 (L4294)
Y125 (L24.4)
Dollar index 93.4 (93.2)
Tokyo close Y124.64

US LUNCHTIME RATES
Fed Funds 7 1/4 %
3-month Treasury Bills:
yield: 6.688 %
Long Bond: 9 7/8 %
yield: 9.338 %

GOLD
New York: Comex August
\$456.5
London: \$452.5 (453.75)
Gold price changes yesterday: Back Page

STERLING
New York lunchtime \$1.8533
London: £186 (L1.853)
DM 3.1875 (L1.8)
FFr 10.7275 (L0.7175)
Sfr 2.965 (L2.9255)
Y125 (231.75)
Sterling index 78.2 (78.3)

LONDON MONEY
3-month interbank:
closing rate 7 1/4 % (7.8)

NORTH SEA OIL
Brent 16-day June (Argus)
\$18.225 (18.405)

STOCK INDICES
FT-SE 100 1,783.7 (-1.6)
FT-Ord 1,430 (-0.4)
FT-A All Share 922.49 (922.87)
FT-A long gil yield index:
High coupon: 9.29 (9.28)
New York lunchtime:
DJ Ind Av 1,953.57 (-3.18)
Tokyo:
Nikkei 27,290.49 (-137.75)

Britain's trade deficit deteriorates beyond expectations to £2.4bn

BY SIMON HOLBERTON

BRITAIN'S external trade performance deteriorated further in April, with the cumulative current account deficit for the year so far rising to £2.4bn.

At that rate Britain appears on course to record a deficit for the full year in excess of £8bn, about 50 per cent higher than the forecast for the trade shortfall Mr Nigel Lawson, the Chancellor, gave in his March Budget.

Yesterday's official figures showed the deficit on the current account of the balance of payments reaching £525m in April after flat export growth and the third highest monthly rise in imports on record.

None the less, the pound continued to show remarkable strength against the D-Mark, though UK financial markets were disappointed with the figures and prices for shares and gilt-edged securities were marked down marginally.

This was because had figures had been expected and City analysts had already taken the view that Britain was heading for a large current account deficit this year.

The foreign exchange market's apparent lack of concern with the figures is an unwelcome development for the Government. The view in that market was that sterling at current levels was still well supported and could rise further in the near term.

The pound closed in London 3/8 of a penny higher at DM3.1875,

	Current Balance	Balance	Visible Trade Exports	Imports	Invisible Balance
1986	-0.7	-0.5	72.7	61.1	+11.6
1987	-1.7	-0.6	70.8	89.2	+19.4
Apr 1	+0.6	-1.2	19.5	20.7	+11.2
Apr 2	-0.3	-2.3	19.4	21.7	+10.8
Apr 3	-0.9	-3.1	20.2	23.3	+10.8
Apr 4	-1.2	-3.0	20.5	23.5	+11.8
1988					
Apr 1	-1.9	-3.7	18.8	22.5	+11.8
Jan	-0.8	-1.4	6.2	7.6	+0.6
Feb	-0.7	-1.3	6.2	7.5	+0.6
March	-0.3	-0.9	8.4	7.3	+0.6
April	-0.5	-1.1	6.8	7.9	+0.6

Figures for invisibles since January 1988 are first estimates.

and against the dollar, about 1/2 of a cent lower at £1.8560. The dollar had been buoyed by speculation that the Federal Reserve, the US central bank, might increase its discount rate to restrain buoyant consumer demand in the US. As a result of the dollar's strength the Bank of England's trade-weighted sterling index closed 0.1 points lower at 78.2.

The persistence of a strong pound will exacerbate the Government's interest rate and exchange rate policy problems.

Both the Treasury and Bank of England are on record as saying they would prefer to have higher interest rates to bear down on domestic demand and a lower exchange rate to promote exports.

However, this desire has been thwarted by foreign investors' appetite for sterling.

The trade figures showed further signs that strong UK domestic demand, which has been boosted by lower interest rates and Budget tax cuts, is feeding through into imports.

Imports exceeded exports by £130m and about £100m more respectively in April compared with the previous month.

More worrying is that in the three months to the end of April the volume of imports of finished manufactured products was about 17 per cent higher than in the same period last year.

Imports exceeded exports by £1.1bn in April to take Britain's current account deficit to £2.4bn, up from £1.9bn in the same month last year.

Approval of US Budget near Page 2; £400m tender of Treasury stock, Page 4; Editorial comment, Page 6; Lex, Back Page

levels of emigration, greater toleration of dissent" and Mr Gorbachev's recent statements on religious toleration were signs of positive trends in the human rights field.

However, he cited "arbitrary" restrictions on emigration and the failure to release 300 people who, he said, were political prisoners. "Soviet practice does not... or does not yet... measure up to Soviet commitment" to human rights under the Helsinki accord, he said.

Mr Reagan said that the Western signatories of the Helsinki accords would like to see improvements over human rights embodied in Eastern bloc laws.

In the absence of any system of judicial guarantees it would be a mistake to assume that the relaxations would be permanent.

In Moscow, President Reagan's comments prompted a warning that the Soviet Union did not intend to listen to US lectures on human rights without a response.

Officials in recent days have insisted that there are accusations to be made on both sides.

At the same time, human rights is the one issue on which Soviet negotiators, and Mr Gorbachev himself, show public irritation, accusing President Reagan and his advisers of lecturing them on how to behave.

President Reagan's plans to meet Soviet "refuseniks" at the US ambassador's residence in Moscow have already been sharply criticised by Mr Nikolai Petrovsky, the deputy Foreign Minister, as unlikely to "help improve relations between our countries."

Yesterday the Soviet press returned to the fray, with a commentary in Pravda, the Communist Party newspaper, on alleged US human rights violations.

This included the allegation that there are 11,000 political prisoners in US jails, singing out in particular Mr Leonard Feiler, an Indian rights activist jailed for the killing of two federal agents, and Mr John Harris, black American rights campaigner.

The newspaper went on to cite the lack of "social protection" in the US, an estimate of 3m homeless, and widespread unemployment, as examples of the lack of elementary human rights in that country.

It pointed out that the US had ratified only six out of 22 international conventions.

Continued on Back Page

Reagan praises Soviet progress on human rights

BY STEWART FLEMING IN HELSINKI AND QUENTIN PEEL IN MOSCOW

PRESIDENT Ronald Reagan yesterday praised initiatives taken by Mr Mikhail Gorbachev, the Soviet leader, to expand the human rights of Soviet citizens, but called on him to ensure that the progress made could not be easily reversed.

Speaking in Helsinki, where he is resting before going to Moscow tomorrow for the start of his fourth summit meeting with Mr Gorbachev, Mr Reagan also underscored the importance of the US attaches to human rights if there is to be progress towards closer economic relations between Washington and Moscow.

President Reagan's remarks came as the US Senate edged closer to final approval of the Intermediate Nuclear Forces treaty banning US and Soviet medium-range missiles, raising hopes that the pact will be ready for the summit.

For the third time in recent weeks, Mr Reagan offered a generally optimistic assessment of Mr Gorbachev's commitment to improving human rights.

Mr Reagan said that to Western ears pleasant and persistent, the words Mr Gorbachev uses to describe his social and economic reforms, "have a particularly welcome sound," making it clear that Washington sees the Soviet leader's personal role in these changes as central.

Since Mr Gorbachev began his campaign "things have happened that all of us applaud," Mr Reagan said.

US officials believe that indications from Moscow that Mr Gorbachev is examining changes in Soviet law that could institutionalise progress in human rights could be one of the most hopeful indications of change to emerge in the four-part summit agenda.

However, Mr Reagan yesterday made clear that the closer East-West economic relations depended on improved Soviet attitudes to human rights.

On the issue of economic ties, he also stressed that the two nations' different economic systems represented a formidable barrier to trade.

"Perhaps some of the changes underway in the state-run economies will equip them better to deal with our businessmen and open new avenues for cooperation... but our work on these issues... has already made us understand that differences in systems are serious obstacles to expansion of economic ties," he added.

Mr Reagan said the "higher

Syrian troops enter Beirut in apparent end to conflict

BY NORA BOUSTANY IN BEIRUT

TWENTY-ONE days of fierce fighting between rival Shi'ite Muslim groups in southern Beirut appeared to have been ended yesterday after Syrian troops moved in following an agreement thrashed out in Damascus between senior Syrian and Iranian officials.

In the first phase of the "security plan" agreed after protracted negotiations, 300 steel-helmeted Syrian soldiers, armed with rock-throwing grenades, and about 150 Lebanese police entered the embattled Ghobeiry, Chikh and Hujjat districts in the Lebanese capital's southern suburbs.

The two warring Shi'ite factions, Amal, Syria's main ally among the sectarian factions in Lebanon, and Hizbollah, backed by Iran, have been fighting for territorial control there. More than 400 people have died and over 1,000 been wounded.

However, it was unclear last night if the underlying conflict between Syria and Iran for control of Lebanon and Spencer's resignation had been resolved. During the conflict Hizbollah had made considerable gains at the expense of Amal.

Mr Ibrahim al Amin, Hizbollah's chief spokesman, said yesterday his party had received assurances from President Hafez al Assad of Syria that the Syrian presence in the southern suburbs would eventually be reduced and replaced by Lebanese security forces.

Amal said the plan was that the militiamen of both sides should all pull out of the suburbs. The movement's fighters were seen with rage at the consolidation of Iranian influence and power in the area, it said.

In Damascus, a Syrian official said: "Ending the fighting will create new hope for the hostages and Syria will spare no effort to secure their release, regardless of their nationality."

Last night there was relief among the people of the area that the conflict seemed at last to have ended.

Fully-armed Syrian soldiers spilled into the battle zone at midday, walking into a maze of destruction - smashed buildings, gutted stores and dangling wires.

Women and children hanging out of windows and gaping holes in the pock-marked walls of blighted neighbourhoods showed

ered the new armed force with smiles and welcoming applause masked the fatigue and trauma of the past three weeks that had led to an exodus of an estimated 60,000 inhabitants.

A Syrian officer in the Hujjat area, a block of dilapidated buildings where Hizbollah gunmen held out against the Amal militia besieging them from three sides, said that 600 more troops were poised to enter in the next few days to assume control of other areas.

Wary Amal fighters and taciturn Hizbollah militants with bloodshot eyes stood a few yards from one another, with Syrian forces interspersed in the narrow Hujjat street.

One Amal fighter said that people were rejoicing that the Syrians had come, but that he personally would have liked to "finish off Hizbollah in Hujjat", reflecting the bitter divisions between the Shi'ite sects in Lebanon.

"They call themselves the Party of God, but they are the party of devils. All they care

Continued on Back Page

Knitwear maker sheds 780 jobs

BY ALICE RAWSTHORN

CORAH, ONE of the largest companies in the UK knitting industry, has announced the closure of its

most of the job losses are concentrated in Knitwear. Corah is withdrawing from knitwear production by closing a factory in Leicester, losing 490 jobs.

Mr Nicholas Corah, chairman, said that the knitwear division, which made a loss of £500,000 in 1987, had "no prospect of returning to profitability."

The company has also announced 129 job losses in underwear production, chiefly by the closure of its factory in Hildon, near Manchester.

There will also be 60 redundancies at its sock companies in Halifax and Leicester.

Corah is also implementing cuts at its Leicester headquarters. The sub-contracting of warehousing and despatching will reduce the workforce by 50, while 90 jobs will be lost in areas such as maintenance and catering.

Once the cuts have been made, Corah will have a 4,570-strong workforce. It will continue to be one of the biggest suppliers of underwear and socks to Marks and Spencer, and will retain its interests in leisurewear, adventure clothing and curtains.

Mr Corah said: "The job losses, though regrettable, are an essential step towards returning to profitability and to safeguarding

the jobs of the rest of our employees."

Corah has struggled to improve profitability and reduce its hefty borrowings for several years. In recent months its problems have been compounded by the depressed state of the knitting industry which has suffered from a downturn in demand because of the trend towards tailored clothing and a surge in cheap imports.

In 1987 Corah made a pre-tax loss of £1.75m on static sales of £96m. The company's sales were on target in the first quarter of 1988, but have fallen below expectations since Easter.

Mr Corah does not envisage further cuts, but he stressed that all the businesses, including those "still in intensive care, will be expected to make "satisfactory returns" in the future.

Knitwear makers fight for survival, Page 4

WEEKEND FT



BRIGHTON ROCK REVISITED
It is 50 years since Pinkie, the boy gangster of Graham Greene's novel, stalked the streets of Brighton. Michael Thompson-Noel follows in his footsteps and asks if Greene's Brighton can still be recognised.
Page 1

FINANCE
What next for the gold price, plus the search for inflation-proof stocks
Page 14

GARDENING
Robin Lane-Fox finds vulgarly flourishing at the Chelsea Flower Show
Page 17

BOOKS
The final years of Churchill
Page 17

DIVERSIONS
An extract from a major new biography of the life of Ezra Pound
Page 18

HOW TO SPEND IT
...on dressing for Glynedourne
Page 19

Healey & Baker
ARE PLEASED TO ANNOUNCE
THE ACQUISITION,
ON BEHALF OF CLIENTS,
OF THE SOUTH BUILDING,
OF THE JOHNSON-SMIRKE BUILDING,
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SELLING PRICE IN IRELAND 60p

BIOTECHNOLOGY 6

Our Science Editor looks at the pick of the British and US firms specialising in therapeutic drugs

Six companies with an eye on the future

The £1m art of wooing the scientist

Celltech, launched in 1981, initially with £12m and exclusive rights to the genetic engineering of Britain's Medical Research Council, made its first profit in 1987. Last autumn, after the stock market crash, it made a successful private placing of £42.5m - half from its existing UK shareholders, one-quarter from new UK shareholders and one-quarter from Japan.



Celltech can now afford to fund at least some in-house. It plans to continue to license in the US and Japan - preferably at a later and more rewarding stage of development - but to retain the West European market for its best prospects. It expects to need to go to the market for more before the end of 1990, such is the cost of becoming a major pharmaceutical firm, Mr Fairclough says.

Its present operating business services for other biotechnology companies, worldwide, including manufacture and development of monoclonal antibodies, and the enhancement of customers' cell lines. These activities earned over £11m last year - and a profit of more than £4m.

pharmaceutical business it has a portfolio of six discoveries, from which it expects the first Celltech products in the early 1990s. They include calcitriol, a genetically engineered heart drug which originated in collaboration with the Middlesex Hospital, London, and is expected to reach clinical trials this spring. Others include "designer antibodies" for treating endo-toxic shock and blood clots, both products of antibody engineering.

Celltech has demonstrated conclusively that British academics can collaborate closely and enthusiastically with a highly competitive and thriving sector of industry. The company has paid nearly £1m to the MRC in royalties on patents and grants for further research. Altogether, Celltech now spends about £1m a year on sponsored research by academics - "for a small company, a formidable amount," Mr Fairclough observes. "The art is not to drag on the scientist but to enhance what he wants to do anyway."

There has also been one unforeseen effect in the shape of three "spin-off" firms resident nearby in Slough: Bio-Commerce Data, the biotechnology publishing service born in its own laboratory; Oros Systems, a breakaway from its laboratories, specialising in automated purification of proteins; and Genova, specialising in new ways of identifying therapeutic activity in natural micro-organisms.

Pacesetter overcomes a setback

NO-ONE disputes the place of Genentech as out ahead of the crop of new biotechnology companies spawned from the mid-1970s by the scientific discoveries in molecular biology.

The bio-market setback last spring, when the US Food and Drug Administration withheld the expected licence for Genentech's tissue plasminogen activator (t-PA) provided strong evidence of how widely the fortunes of Genentech are followed, not only as the pacesetter but as a touchstone of the fortunes of the new biotechnologies in general.

Some attributed the setback to a degree of over-confidence in the company, and a failure to take enough care in submitting its case for what it plainly regarded as a worldbeating heart drug for dissolving blood clots.

Six months later, on receipt of more data, the FDA granted a licence for Activase. Before the end of the year Genentech had dispatched more than \$38m (about £20m) worth of the drug. It reports that more than 4,000 US hospitals already stock it.

Genentech has never wavered from the belief of its founder, Robert Swanson, that a major new pharmaceutical company could be built from the discoveries in molecular biology and applications of genetic engineering.

It began as a research "boutique" in 1977, offering for example to invent a new human growth hormone for the Swedish company Kabi Vitrum, but retaining US rights. By 1983 Genentech's revenues exceeded \$50m. Since then they have grown exponentially, to \$230.5m

Genentech, Inc.

last year, an increase of 72 per cent on 1986, mainly due to US sales of Protopin, the human growth hormone, and of Activase. Product sales soared from about \$80m to more than \$140m. Mr Swanson reports that the Californian company now has a staff approaching 1,500, and new top-level appointments of vice-presidents for science, for business development and for government affairs (based in Washington).

Genentech also retains leadership in research and development, with its discovery last year of 29 new proteins or new uses for existing proteins; and publication of 197 scientific papers, including research for which it placed contracts, the company spent over \$90m on R and D. This year it plans an increase of up to 50 per cent. It has high hopes of finding a new outlet for t-PA in preventing adhesions, a complication of surgery, because of the drug's ability to dissolve fibrin.

In a slightly ambiguous declaration on proprietary rights in their latest annual report, Mr Swanson and colleagues acknowledge that Genentech has been granted several broad patents in

the US and Europe on the discovery of basic systems for the production of useful proteins in recombinant cells.

"While these patents cover most of the products produced by recombinant technology, generally we do not intend to use the patents to block the creation of new pharmaceuticals made possible by biotechnology. Instead, we will license the patents on a case-by-case basis in exchange for reasonable royalties."

Energising the chronically anaemic

SOME biotechnology fund managers rate Amgen - launched in 1981 - second only to its Californian neighbour Genentech. Although its share price has been volatile lately, Amgen features conspicuously in the portfolios of both Biotechnology Investments and Abingworth. It has a US patent on recombinant erythropoietin (EPO), which may yet prove to be the safest therapeutic to have come from genetic engineering.

EPO is widely seen as a drug with sales potential comparable



with t-PA. It is the hormone which regulates and controls synthesis of red blood cells, by stimulating precursor cells in the bone marrow. Recombinant EPO was invented by an Amgen scientist, Dr Fu-Kuen Lin, who led the team which cloned and expressed the gene in 1983. The company believes its patent gives it a formidable position against rival claims.

Amgen, like Genentech, aims to become a fully integrated pharmaceutical company in human medicine. It has been profitable for 10 consecutive quarters, Dr Philip Whitcome,

director of strategic planning, told a Swiss Bank biotechnology conference in London recently. Currently, anyone investing in Amgen is investing principally in two drugs, said Dr Whitcome - EPO and granulocyte-stimulating factor (G-CSF), a hormone which gives the same kind of boost to white cell production.

Dr Whitcome described the dramatic effects EPO had had on a chronically anaemic patient "who didn't have enough energy to scratch her nose." It could reinvigorate dying patients awaiting kidney transplantation who had become too poorly to undergo major surgery. "For the first time we have a way of addressing the anaemia associated with end-stage renal disease," he claimed.

Amgen, which raised another \$150m last year, has built a \$15m facility to make EPO, scheduled for completion this year. Dr Whitcome claims a two-year lead over rivals in its clinical trials and believes it has "fast-track" status with the Food and Drugs Administration in the US.

The company hopes for FDA approval around the end of the year, and a commercial launch in 1989, initially for the treatment of patients with terminal kidney disease. Later it expects to extend uses to chronic anaemias associated with ageing, arthritis and drug therapy. Competitors include Genetics Institute in Boston, Mass., with its patented technology for purifying natural EPO from urine.

Amgen's research has been more productive than the company admits. It can handle almost any drug, in a series of joint ventures and commercial relationships - for example, with Johnson and Johnson and Kirin (Japan) for EPO, with Kirin for G-CSF, and with Abbott Laboratories for diagnostics for cancer and infectious diseases.

Treatment for enzyme deficiency

Genzyme is almost an Anglo-US company, US-owned and with its headquarters at technology incubator in Boston, Mass., but with much manufacture, marketing and some research in the UK, at Maidstone, Kent and Haverhill, near Cambridge.

Now it is commissioning a £3.5m manufacturing plant, which the DTI helped to fund. The company also sells monoclonal antibodies for Celltech, while Celltech makes some under contract to Genzyme.

The company's main business is enzymes; more specifically, the modification of natural enzymes



for use as therapeutic drugs and surgical aids. It has the backing of a powerful scientific consortium of dons at Harvard and MIT, called Bio-Information Associates, which owns part of its equity. According to Mr Henri Termeer, chief executive officer, this "partnership" gives Genzyme access to some 200 post-doctoral research workers. Three out of four of the PhDs recruited by the company are drawn from this pool.

Since taking charge in 1985, Mr Termeer has focused corporate strategy on enzymes and their alteration by carbohydrate chemistry. He has a staff of 230, expected to expand to 300 this year.

Genzyme raised \$25m in an initial public offering two years ago, and \$10m in its first limited partnership last autumn. The partnership is developing and marketing Ceredase, its first modified enzyme product for the treatment of Gaucher's disease, an inherited enzyme deficiency disorder. The missing enzyme is extracted by Genzyme from placental tissue, then modified by carbohydrate



Genetically engineered therapeutic proteins such as erythropoietin are produced under aseptic conditions at Amgen's Thousand Oaks facility in California

The new wave is ready to deliver

STEPHEN DUZAN founded Immunex in Seattle in 1981, in partnership with two scientists with the Fred Hutchinson Cancer Center, Dr Steven Gillis and Dr Christopher Henney. It was publicly quoted in the US in 1983 as a company specialising in immunology, working on new therapies for cancer, immune deficiency, arthritis, etc. It achieved its first profit in the third quarter of 1987.

Mr Duzan, president and chief executive officer, says he believes

Gem-like vials for "designer genes"

British Bio-technology, near Oxford, less than two years old, appears to have all the ingredients investors are seeking in biotechnology in the late-1980s including novel ideas, technical talent, and experienced management.

A successful second-round financing has just raised another \$8m to augment the £2.5m mustered by the former Searle scientists Dr Brian Richards (chairman) and Dr Keith McCullagh (chief executive) to launch their company in 1986.

British Bio-technology also has early revenues, expected to amount to £350,000 for the year just ended, from sales of its "designer genes," tailor-made in the laboratory for research scientists worldwide, and selling for \$500 to £2,000 per vial containing 10 micrograms of DNA. Vials are packaged like gems - "it's all part of the image of a high-quality, high-value reagent," an executive says.

These are the dominant characteristics of British Bio-technology's main targets: the second and third generations of new biopharmaceuticals, beyond those in clinical trial today. By third generation, it means chemically synthesised versions of genetically engineered molecules.

If the company has one disappointing feature for the British investor, it is the fact that all its collaborations have been with overseas companies. They include Smith Kline Beckman on second-generation thrombolytics

and a synthetic oral collagenase as an anti-inflammatory. Overseas drug firms are "beating a path to our door," says Dr Richards.

By any standards British biotechnology has moved fast. Dr Richards says it has identified product targets more quickly than he expected. Dr McCullagh adds that it is obliged to move fast if it is to catch up with companies like Amgen. By the summer they expect to have a research team as big as the one they managed for G.D. Searle at High Wycombe.

For a company with a potential product spectrum as broad as British Bio-technology, the choice of research director proved difficult. Last year it recruited Dr John Gordon, a cell physiology cardiologist with the Medical Research Council, Dr Gordon retains his links with the MRC's Clinical Research Centre as a visiting scientist in vascular biology, while running a research programme for the company which spans cardiovascular and connective tissue diseases, viral infections (including AIDS) and vaccine development.

Another coup is the company's recent recruitment of Dr Alan Kingsman, an associate director responsible for its biological research, dividing his time with Oxford University where he part-

ners his wife Susan in research into virus-like particle technology. This research has been re-assigned to British Bio-technology and the company is negotiating a long-term collaboration with industry. Dr Kingsman has also brought in a research grant of his own, from the national AIDS research programme.

The \$8m raised - the company was seeking £7m - will allow it to double from nearly 70 to 140 staff by next year. It has taken advantage of a market from which it is relatively easy to raise money, Dr McCullagh says. He admits he is not confident that this will always be so for a company whose sights are set mainly on products still five to 10 years from the market.

The therapeutic rat

At this stage Bio-Rad Microscience, a US-owned British company with an interest in scanning stage microscopes, suggested a collaboration, and agreed that the MRC should retain design authority. Orders for the commercial confocal fluorescence-imaging system, at \$45,000 apiece, exceeded 50 this spring. Part of the LMB's deal is that it gets an instrument free.

Dr John White, a physicist-turned-biologist, saw the possibilities of using the idea as an adjunct to his own optical microscopy. By early 1986 he had a prototype working. The LMB then funded a crucial further stage of development, allowing him to add an image processing system to the new optics. "This was the key - then it really took off," Dr White says.

But the major microscope companies showed no interest (although one British firm tried to go ahead on its own, after being shown the LMB instrument). So the LMB redesigned its microscope as a Mark 2 commercial prototype and applied for a patent.

Test of a true beefburger

BIOKITS, based in Clwyd, North Wales, has pioneered a range of food tests derived from immunoassay technology commonly used in medical diagnostics. Kits in production include one to detect the presence of horse meat in beefburgers, while another spots and quantifies soya beans in meat products.

Another Welsh company, Clear of Cardiff, has invented a "nutriometer" to detect microbial infections in foodstuffs and medical samples.

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TELECOM GOLD

First class flight over-rated, air user survey finds

BY DAVID CHURCHILL

EUROPEAN business travellers are sceptical about the value of paying a higher premium for first or business class seats on airlines, according to a survey of more than 9,000 frequent business travellers.

Indeed, the frequent business traveller - especially from Austria, France, Italy, and Spain - flies economy class as often as business or first.

Only for long-haul flights do business travellers choose, where possible, to fly first class - and four out of every 10 still did not think the standard of service and comfort provided justified the premium cost of a first class ticket.

The International Air Travel Survey was carried out by European Data and Research, its findings suggest that the conventional view of the pampered business traveller is far from accurate.

The report defines a frequent business air traveller as someone who travels three or more times a year on business. About half of the respondents were frequent travellers, making 10 or more business trips a year.

One in every three was an owner, director, or senior manager of a company, but almost half were in middle management or in professional/technical jobs. Few were in government or junior management positions.

The report also reveals that

only one out of every 10 frequent travellers surveyed was a woman executive on business.

Even though air fares in most cases are paid by an employer, business travellers strongly believe European air fares are too high.

Particular European routes where fares are considered too high are UK to France, Germany, and Scandinavia; France to Italy and Germany; and Italy to the UK. Internal flights in the UK, France, and Germany were also considered expensive.

In contrast, Europe-to-US fares and internal US air fares were considered "about right".

British Airways was regarded as the airline providing the best business class service, followed by Lufthansa, Air France, and Swissair.

The frequent business traveller is also a user of credit cards when abroad, preferring them to cash or travellers' cheques.

Almost nine out of every 10 surveyed had a credit card, with more than a third using a gold card.

American Express was the most popular card for frequent travellers, apart from French business executives who preferred to use Visa/Carte Bleue.

International Air Travel Survey: European Data and Research, 8 Friday Street, Henley-on-Thames, Oxon, RG9 1AA; £30

Pujol set to win a third term as Catalan leader

BY TOM BURNS IN MADRID

MODERATE nationalist leader Mr Jordi Pujol seems likely to be returned to power for a third term as president of the Generalitat, the autonomous government of Catalonia, in regional elections tomorrow.

Opinion polls have consistently given the Catalan leader's Convergència i Unió (CiU) party close to half of the votes and the Partit Socialista de Catalunya (PSC), the local branch of Prime Minister Mr Felipe Gonzalez's Socialist Party, short of 30 per cent.

Mr Pujol has built up his party's unassailable lead as much by stressing its Catalan nationalist component as by heaping criticisms on the Socialist Government in Madrid and proclaiming his belief in a market economy. He has drawn votes from the rival, left-leaning nationalist party Esquerra Republicana de Catalunya and Alianza Popular, the Madrid-based conservative party.

Mr Pujol has exploited the twin nerve chords of Catalonia, which are its money ethic and its national identity. He has claimed that, under his party's leadership, the area has confirmed its position as the pacemaker of the Spanish economy and that his government has also what he terms "affirmed" Catalonia's linguistic and cultural heritage.

As president of the Generalitat since 1980, Mr Pujol has promoted Catalonia's industrial profile to corporations and to investors in the US, Japan and Europe. The focus of his successful salesmanship was that Catalonia was and remains the most advanced cultural corner of Spain, the home of its manufacturing tradition, its business schools and of the nation's commercial skills.

A key theme throughout the campaign has been that the north-east of Spain leads the country in growth rate, investment and in active population.

If Mr Pujol's party does win convincingly tomorrow, it would make him the inevitable power broker of the centre-right in Spain for he has become its most highly regarded leader thanks to his proven ability to deliver non-socialist majorities. Any alignment of the centre-right in Spain will have to take Mr Pujol into account and even allow him to dictate his, and by extension Catalonia's, terms.

Howe will seek to rebuild confidence on Hong Kong visit

BY ROBIN PAULEY, ASIA EDITOR

SIR GEOFFREY Howe, the British Foreign Secretary, arrives in Hong Kong tomorrow for his first working visit since the agreement in 1984 for the return of the colony to Chinese sovereignty in 1997.

His main task during his three-day visit will be to try to rebuild the confidence that has been the key to the colony's extraordinary economic success. He will also seek to reassure the Hong Kong people that all will be well, and that the arrangements under which China is to resume control contain more than enough safeguards for their future.

It will not be easy. The recently-published Draft Basic Law which will cover the Hong Kong Special Administrative Region after 1997 has attracted criticism, in particular for proposals covering the form of government after the hand-over.

In addition, Hong Kong faces an increasingly serious problem of qualified workers leaving the territory to try to gain citizenship and passport rights in other countries. Middle management is the most seriously affected and the exodus has raised again the question of whether Britain should not have provided passports allowing right of abode in the UK since 1997.

Many Hong Kong and British businessmen suffering this loss of talented staff say it is possible that, armed with that security, fewer would have left before or after 1997 than seems likely.

There are divided views in Hong Kong about the extent to which Britain should have moved to introduce more direct democracy into the colony and whether the British and Hong Kong governments have been too willing to put relations with China above the interests of the Hong Kong people. Sir Geoffrey takes great exception to this suggestion and is expected to work hard to dispel it.

The difficulties surrounding these issues are compounded by the fact that Sir David Wilson, the Governor, has yet to make his mark on the colony. In a recent opinion poll a substantial majority thought he was not forceful enough - although it is unclear whether this response referred to his dealings with Peking or London or to his conduct of affairs within Hong Kong.

On top of all this there is the vexed question of Vietnamese refugees who are arriving in increasing numbers after risking their lives to cross the South China Sea in boats that are hardly seaworthy. They are held in closed camps, one of which Sir Geoffrey will visit, although he is expected to be kept away from the worst conditions of the older camps.

The refugees are resented by many Hong Kong Chinese because illegal refugees from China are returned across the border immediately even if they have relatives legally settled in Hong Kong.

There is talk of regarding the Vietnamese as mainly economic rather than political refugees. This would open the way to returning them although Vietnam has so far refused to accept any and international opinion remains concerned as to what fate might await them if they were returned.

Britain's position as the colonial power is much criticised because of the small number of Vietnamese refugees accepted into Britain. The argument that the UK's quota of 20 a month is reasonable considering the undertaken from parts of the old empire, mainly from the Indian sub-continent, is unlikely to be well received.

Roderick Oram reports on a grassroots campaign that closed a New York power station before it opened

Islanders win 22-year battle against nuclear plant

THIS WEEK a tanker truck carrying 2,800 gallons of propane gas overturned on a crowded expressway in the Long Island suburbs of New York City. The neighbourhood was evacuated and traffic on some of the most congested roads in the US was tangled for two days while the dangerous cargo was burnt.

To opponents of the Shoreham nuclear power station, 35 miles east of the city, it was yet more evidence that they would be trapped on Long Island, victims of geography and bureaucratic indifference, if the plant failed catastrophically.

Some 120 miles long and rarely more than 20 miles wide, the island runs from the suburbs of Queens and Brooklyn to remote sandy beaches in the east. The only way off, apart from an armada, is via some dozen road and rail links straight into the densely packed streets of New York City.

From the day Long Island Lighting Company first proposed a nuclear power station 22 years ago, protesters vividly invoked the evacuation nightmare. Their campaign, a model of sophisticated grassroots politicking, paid off on Thursday. Llico and New York State agreed that the \$5.3bn Shoreham plant will be abandoned.

Although Shoreham is the first fully functioning US nuclear plant to be closed without ever being used, the nuclear industry

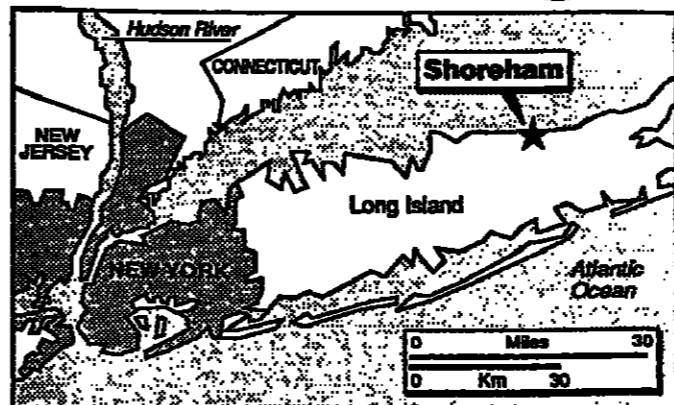
was resigned long ago to such setbacks. Since the Three Mile Island disaster in 1979, public concern and skyrocketing costs have forced the cancellation of some 100 plants in varying stages of design or construction. Perhaps only a dozen more will ever be completed in the US.

Protesters have dogged many other plants around the country but none with the success of the Long Islanders. Anti-Shoreham forces, quick to admit being surprised by victory, say many factors, from luck and bad weather to Llico's mismanagement, all played their part. Two aspects, though - geography and the local political structure - made Shoreham highly unusual and gave the protesters the necessary leverage.

Opponents fault regulators for approving the site, the only nuclear plant in the country on a densely populated island. The evacuation issue rallied Long Islanders who, frustrated daily by poor driving conditions, might otherwise have backed nuclear power. Fully 76 per cent of them wanted Shoreham killed, according to recent polls.

Llico and Washington nuclear power agencies have long called protesters outrageously alarmist. They say they would never have needed to evacuate more than the 125,000 people within a 10-mile radius of Shoreham.

Long Islanders are not alone in their concerns, however. There



are six long-running operating nuclear plants in New York's commuter belt, with the closest, Indian Point Three, only 28 miles up the Hudson River from Manhattan.

The campaign against Shoreham bumbled along as something of a fringe movement through the 1960s and 1970s. But the accident at the Three Mile Island nuclear plant in Pennsylvania in March, 1979, began to awaken the public's fears. It led to the largest ever anti-Shoreham rally on June 3, 1979, according to Ms Nora Bredes, one of the key protest leaders who is known as the memory of the movement.

Freshly graduated from Columbia University in 1979, she was a young single woman who thought she was taking on a

1979, only three of the 18 opposed Shoreham. The protesters hammered away at them in legislature meetings and elections until in a critical turning point in February 1983 they voted 17 to one to stop Shoreham.

Mr Mario Cuomo, barely a few weeks in the New York Governor's mansion, responded rapidly to the expression of local opposition and threw his weight behind it. He was to play a leading role through the years, helping win in 1988 New York State Assembly approval for an attempt at a public sector takeover of Llico.

Suffolk County's main tactic was to refuse to use its police or other emergency services in dress rehearsals of Llico's evacuation plan. The utility thinks it might eventually have won Washington approval for an alternative plan using 3,000 volunteers and employees but it also argued that in a real emergency the county would cave in and offer its services.

Official support from the county transformed the campaign. Ms Bredes estimates it has spent some \$20m of taxpayers' money to fight Llico over the past six years.

It was still a huge fight every step of the way, with luck often tipping events. "When you look back to the darkest days, something always seemed to right the wrong," said Mr George Hoffman, Ms Bredes helped put the campaign on a more effective footing in

Prospect, a leading Suffolk County legislator and Shoreham opponent.

Just when Llico was beginning to rebuild some public support for Shoreham, Hurricane Gloria slammed into Long Island in September 1985. It left many of Llico's customers without power for up to 11 days, heightening the perception that the utility was ineptly run. Its credibility had also been badly eroded by New York State's earlier decision that \$1.6bn of Shoreham's costs were attributable to the utility's slack management of the construction project.

The following summer, the Chernobyl disaster severely undermined Llico's efforts to sell its evacuation plans. While protesters acknowledged the big differences between the Soviet and US plants, they pointed to the widespread damage and evacuation at Chernobyl.

Ultimate victory this week was not without its severe disappointments, however. Taxpayers and Llico's customers will bear a considerable part of the cost of Shoreham and they face the prospect of three or four years of brown-outs or blackouts before alternative generating capacity can be built.

Overall, though, Ms Bredes believes the fight showed that "local grassroots protesters can be successful if they choose their strategy carefully."



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By the end of 1992 the twelve countries in the European Community, including Britain, will be working

OVERSEAS NEWS

EC ministers agree to end steel output controls

BY WILLIAM DAWKINS IN BRUSSELS AND DAVID GOODHART IN BONN

AN INFORMAL consensus was reached by European Community industry ministers yesterday that EC output controls on hot rolled steel coil and heavy plate should be scrapped at the end of next month.

again on June 24 to decide finally on the future of the quota system, which helps prop up prices for about half of EC steel output.

Statoil 'uncovers oil espionage ring'

STATOIL, the Norwegian state oil company, said yesterday it had uncovered an industrial espionage ring working to sell information on big international oil projects to the highest bidder.

Japanese Socialists fire editor

THE JAPANESE Socialist Party has fired the editor of its party newspaper after an article in it claimed that the South Korean, Japanese and US governments conspired to cause the crash of a Korean Air Lines aircraft in Burma last November.

OECD will withhold report on Sweden

By Robert Taylor in Stockholm

THE ORGANISATION for Economic Co-operation and Development has decided to withhold its annual survey of Sweden until early next year because it does not want the report to be controversial in the country's general election in September.



President and Mrs Reagan stand in attention for national anthems with Finnish President Mauno Koivisto. They leave Finland for the Moscow summit tomorrow.

Senate near to passing INF pact

BY LIONEL BARBER IN WASHINGTON

THE US Senate yesterday edged closer to approval of the INF treaty banning US and Soviet medium-range missiles, raising hopes that the pact will be ready in time for the Moscow summit.

Though the treaty enjoys overwhelming support among senators, a handful of conservative Republicans led by Senator Jesse Helms of North Carolina have sought to delay approval by using procedural amendments.

Moscow 'softens line on Palestine state'

By Andrew Whitley in Jerusalem

THE Soviet Union has abandoned its long-standing insistence on the creation of an independent Palestinian state in the Middle East, a senior Israeli official said yesterday.

Meese aide resigns

A top aide to the submitted US Attorney General Mr Edwin Meese resigned yesterday, adding to the controversy over the US Justice Department.

Loans to Yugoslavia

The World Bank may play a bigger role in Yugoslavia in the next few years, possibly tripling or quadrupling the money it lends, assistant Finance Minister Boris Skapin said yesterday, Reuters reports from Belgrade.

Greece-Turkey deal

Greece and Turkey agreed yesterday to try to reduce the risk of a military conflict developing during exercises in the Aegean by avoiding manoeuvres during sensitive periods and which could obstruct shipping and air traffic.

Pretoria rates denial

South Africa's Information Minister has retracted a statement that the Government would hold down increases in domestic interest rates, Reuters reports from Johannesburg.

Chinese silence

China withheld official comment on Vietnam's announced plan to withdraw 50,000 troops from Kampuchea this year, while the government's news agency noted that Vietnam had made similar promises before, AP reports from Peking.

Lisbon labour law

Liberalisation of dismissal and co-ordination of Portuguese labour laws with those of the European Community were delayed this week when the Constitutional Tribunal pronounced the Social Democrat Government's labour reforms unconstitutional, writes Diana Smith in Lisbon.

Iran rules out negotiated end to war

BY LIONEL BARBER IN WASHINGTON

THE US Senate yesterday edged closer to approval of the INF treaty banning US and Soviet medium-range missiles, raising hopes that the pact will be ready in time for the Moscow summit.

Nato to look at ways of sharing costs more fairly

BY WILLIAM DAWKINS IN BRUSSELS

NATO OFFICIALS are to come up with ways of sharing more equitably the costs of the alliance's European military forces.

Nickel export duty row in Dominican Republic ends

BY KENNETH GOODING, MINING CORRESPONDENT

THE dispute which since last December has disrupted nickel shipments from the Dominican Republic, which accounts for about 5 per cent of the Western world's nickel output, has been resolved.

Congress nears approval for \$1,100bn US budget

BY WILLIAM DAWKINS IN BRUSSELS

THE US Congress is moving with unusual speed toward approval of a \$1,100bn federal budget for the 1989 fiscal year, thanks to a little bipartisan co-operation and a lot of creative arithmetic, AP reports from Washington.

Iran rules out negotiated end to war

BY LIONEL BARBER IN WASHINGTON

IRANIAN President Ali Khamenei yesterday ruled out a negotiated end to the seven-year war with Iraq and played down reports of a big Iraqi victory this week, Reuters reports from Nicola.

US interest rates



Advertisement for 'WILL POWER' featuring a picture of a person and text about helping others grow old with dignity.

Table titled 'GRANVILLE SPONSORED SECURITIES' listing various stocks and their prices.

Continuation of the 'Nato to look at ways of sharing costs more fairly' article, discussing NATO officials' plans to share costs more equitably.

Andrew Whitley reports on efforts to bring holidaymakers back to the Promised Land

IT WAS an unusual presentation for the pin-striped Madison Avenue executives, exuding breathlessly over their demonstration television spots and paste-up boards.

How the tourists came to pass Israel by

luxury hotels Pleading with the Tourism Ministry for additional assistance, including relief on construction loans, the hoteliers do not think much of the campaign that Grey Advertising is about to mount on the country's behalf.

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Peter Riddell examines the implications of the bids for Rowntree

Labour widens the takeover debate

LORD YOUNG, Trade and Industry Secretary, may reflect that the row over the future of Rowntree has been as effective in making politicians and businessmen aware of the implications of the creation of the European internal market after 1992 as has his department's star-studded advertising campaign - and at considerably less cost to taxpayers.

While the future of Rowntree will now be determined by its shareholders rather than by ministers, there are continuing political implications.

In the immediate future, as Mr Neil Kinnock, Labour Party leader, said yesterday after visiting a Rowntree plant in Newcastle, the opposition intends, "inside and outside parliament, to do everything possible to assist workers, managers and local communities to resist the sale of the business."

Labour is initiating a half-day debate on June 8, just after the end of the Whitman parliamentary recess, although, arguably, it missed an opportunity by not doing so before Wednesday's decision not to refer the Nestlé bid to the Monopolies and Mergers Commission.

The debate will not only draw attention to the issue again but will also highlight divisions on the Conservative side. A sizeable group of Tory MPs, mainly but not exclusively from around Rowntree's base in Yorkshire, has publicly criticised Lord Young's decision, emphasising the removal of one of the few corporate head offices outside London. So perhaps 20 to 30 Tories might refuse to support the Government in the division lobby.

All that may embarrass the Government, but everyone involved recognises that any Westminster row is likely to be short-lived once the future of Rowntree is determined.

Hence, the opposition is keen to broaden the debate to a threat to other companies - notably Cadbury Schweppes - and to questions of industrial policy.

Mr Kinnock is playing the nationalist card - talking of imposing a For Sale notice over Britain and "encouraging foreign interests to grab private firms."

That approach could easily backfire, not only given ministerial arguments about the overall benefits to the UK of an open economy but also in view of the experience of the many British workers happily employed by successful and expanding overseas concerns, such as Nestlé.

However, a succession of foreign bids might reinforce the existing concern felt on both sides of the House about a shift of control overseas of leading industrial sectors - with Britain being more open to such bids than its overseas competitors. As Mr Kinnock argued yesterday, "The increasing ownership of productive assets in Britain by multinationals makes us more and more a branch economy."

While Britain has much larger investments overseas than overseas countries have in the UK, the nationalist chord is likely to have greater resonance with voters.

The approach of 1992 has dramatised this concern - indeed the Government's awareness campaign may have increased business and political fears. The recovery in self-confidence about Britain's ability to compete felt by the Government and its supporters is not necessarily shared elsewhere.

Labour is also challenging the way in which decisions are reached about companies such as Rowntree. Mr Tony Blair,



Lord Young: Criticisms from Yorkshire MPs



Neil Kinnock: Playing the nationalist card

Labour's trade spokesman, questioned whether 30 or 40 fund managers were the right people to decide the future of key industrial sectors.

The main political running on the Rowntree affair has been made by the interested Tory MPs, such as Mr Conal Gregory and Sir Giles Shaw, and by Labour, notably Mr Blair. The other opposition parties have largely been squeezed out - apart from a brief intervention by Lord Jenkins of Hillhead and a characteristically trite comment from Mr Malcolm Bruce, the Democrats' industry spokesman.

He warned about the Swiss being "able to bring the barricade of the Alps and pick off our ripe cherries" sounded bizarre coming from a representative of the Liberal tradition of being the great European and free trade party, as Mr Kenneth Clarke, the Industry Minister, pointed out.

Significantly, Dr David Owen of the SDP has distanced himself from both Labour and the Democrats by backing Lord Young's decision not to overturn the recommendation by the Director General of Fair Trading against referral, while also urging a review of competition policy in the light of the 1992 changes.

The overall political impact will depend not on who takes over Rowntree but on how many other British companies are taken over. If the Rowntree takeover is an isolated instance, then it will be forgotten nationally although probably not in York and the surrounding areas. If it marks the start of a trend, then a potentially long-lasting political and electoral issue may have been created.

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Heathrow engineers decide to end strike

By Jimmy Burns, Labour Staff

THE THREAT of disruption to air travel over the Whitman holiday weekend receded yesterday when 3,000 British Airways maintenance engineers agreed at Heathrow airport to end their five-day stoppage.

The engineers returned to work after BA management and union leaders had agreed to accept an independent examination of the circumstances surrounding the sacking of a shop steward.

The dispute began after the shop steward had been sacked for calling for strike action over a two-year, 11.5 per cent pay deal agreed by the company and the AEU engineering union earlier this year.

BA claimed that the subsequent walk-out was "unauthorised" because it had been conducted without consent. Union officials accused management of adopting unnecessarily tough tactics.

Yesterday's compromise was reached after BA faced the possibility of delays to its domestic international flight schedules. The sacking of the striking engineer had been drifting back to work in the past two days.

Critics of training deal meet on strategy

By Charles Leadbeater, Labour Correspondent

THREE UNIONS representing thousands of local government workers plan to adopt a strategy next week for opposing the Government's £1.4bn training scheme for the long-term unemployed.

The scheme was approved conditionally by the TUC on Wednesday. The unions are the National Association (Nalpo), the National Union of Public Employees (Nupe) and the Transport and General Workers' Union.

They want to dissuade local authorities from negotiating with the Training Commission, formerly the Manpower Services Commission, about projects under the programme, which will be called Employment Training. The deadline for outline agreements with the commission to run projects is June 6.

The key policy committee at the Local Government Officers' Association (Lgopa) has advised its member councils on Thursday to drop their previous refusal to negotiate with the commission.

The unions believe they will be able to play on lingering doubts among Labour-controlled councils. It is a concession announced last Monday by Mr Norman Fowler, Employment Secretary.

Mr Viggers said the shipyard could not expect to continue receiving large-scale, long-term support. "There can be no absolute guarantee of lasting support from public funds regardless of the company's ability to compete effectively."

He said the Government would welcome a private-sector takeover such as the Kvaerner bid for long hove yard.

"Were there to be an expression of interest in the privatisation of Harland and Wolff, the Government would take any such proposals very seriously."

Mr Paisley and Mr Molyneux declined to comment on their talks with Mr King on Thursday and will inform their colleagues.

Mr King made clear that he was determined to seek ways by which Northern Ireland people could have a greater input about how the province was governed.

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Electricians seek unions for an alternative TUC

BY DAVID THOMAS AND JOHN GAPPER

THE EETPU electricians' union and the Professional Association of Teachers (PAT) have drawn up initial draft principles for an alternative Trades Union Congress. They hope to reach agreement at a meeting on EETPU premises next month.

The EETPU and the PAT, which is not affiliated to the existing TUC, think that once they have agreed the outlines of an alternative trade union centre, it will be easier to draw other non-TUC unions into it.

The initial thinking is that the alternative centre could be in operation by the end of the year. The constitution of the alternative centre would explicitly rule out disciplining affiliates over industrial matters in the way that the TUC is trying to discipline the EETPU.

Union leaders believe that the EETPU will leave the TUC by the end of the year after attempts by the TUC to regulate its affiliates' activities in signing single-union, strike-free agreements in order to win recognition from employers.

The TUC general council is expected to start disciplinary moves against the EETPU. That is because the union refused recently to accept TUC instructions to withdraw from two single-union, strike-free agreements.

The 48,000-strong PAT, based in Derby, rules out strikes in schools. It has been gaining membership steadily. It attributes the increase to dissatisfaction among some teachers with the militancy of the teaching unions which are affiliated to the existing TUC.

The Association of Professional Ambulance Personnel (APAP) is among the unions which have met the electricians' union. Mr Richard Kirlew, APAP national secretary, met Mr Roy Sanderson, national secretary of the EETPU's white collar section, earlier this month.

APAP has 5,200 members and was formed after the health service dispute in 1982. Mr Kirlew said it would decide at its national council meeting next month whether to join any new grouping of unions.

The Royal College of Nursing (RCN), which is outside the TUC and has 270,000 members, has also been approached for talks. That was disclosed at its annual congress in Brighton yesterday by Mr Trevor Clay, its general secretary.

Mr Clay said he would report the approach to the RCN's ruling council next month. But he did not believe the council would take up the offer of talks.

He said that rejection by the

congress of a ballot of members on whether the union should affiliate to the TUC had shown that they wanted to remain independent.

The EETPU and the PAT believe that the Union of Democratic Miners, the Institute of Journalists and several professional associations in the health service would be the earliest candidates for participation in an alternative centre.

The electricians' move is certain to provoke fresh controversy within the TUC because the discussions have started while the EETPU remains within the TUC.

Mr Roy Sanderson, general secretary of Easa, the white-collar section of the electricians' union, said he had originally approached most non-TUC unions earlier this year to discuss possible mergers or areas of co-operation.

But as the union's relationship with the TUC had become increasingly strained the discussions had naturally turned to the possibility of establishing a rival union centre.

The EETPU and the PAT believe the royal college is worried that talks at this stage would damage relations with TUC-affiliated health unions.

Nurses may spread membership

BY JOHN GAPPER, LABOUR STAFF

THE Royal College of Nursing, the largest nursing union, yesterday took a first step towards allowing nursing auxiliaries to join it. The decision came after moves by the Government to create a new grade of nursing support worker.

Only registered, enrolled and student nurses are allowed to join the union now. Recruitment among auxiliaries, or the proposed new grade of nursing assistants, could create friction with other health unions.

The congress of the Royal College in Brighton voted to study the feasibility of extending associate membership to nursing assistants in favour of a bigger pool of nursing assistants.

The Department of Health and Social Security envisages a pool of between 150,000 and 200,000 nursing assistants who would take over some of the functions of qualified nurses in hospitals.

Ms Maria Cook, a member of the union's ruling council, said: "Whether we like it or not, we can no longer hold on to the dream of a totally qualified nursing staff. There are no longer enough 18-year-old girls to become nurses. She said it would compromise the 'very basis' of the union's beliefs.

A motion calling for auxiliaries to be allowed membership was rejected last year.

The Government sees a bigger pool of nursing assistants as necessary in exchange for agreeing in principle this week to a reform of nurse training that will reduce the contribution of student nurses to hospital manpower.

● The congress defeated a motion calling for the periodic election of its general secretary. The RCN is exempted from a provision in the new Employment Act which requires unions to elect rather than appoint their leaders.

Textile group plans factory

By Alice Rawsthorn

DAWSON INTERNATIONAL, the textile group, plans to invest at least £12m in the construction of a Dralon upholstery fabric factory in Yorkshire, creating up to 300 jobs.

The project is a response to the Government's forthcoming regulations on furniture flammability, due to be published late next month. They will impose stricter flame retardancy requirements on upholstery fabric from March 1991.

Earlier, this week, DuPontillo, the foam and bedding producer, announced 150 redundancies at its foam production plant in Erewash, South Wales, because of a fall in demand after announcement of new regulations for foam flammability.

Dawson is the largest UK manufacturer of Dralon (acrylic velvet) used in upholstery and curtains) and, for the past two years, has been a leader in the development of flame-retardant finishes for the fabric. The process is now ready for commercial production.

The new factory will be built alongside an existing Dawson production plant in Sleaford, Leicestershire. All the present Dralon production will move out of the old plant, which will then concentrate on manufacturing fleece fabrics for leisurewear. Construction should begin this year, with completion scheduled for 1989.

Dawson first began to produce Dralon over 25 years ago. Until then the UK market had been dominated by imports from West Germany and Spain. Dawson claims a quarter of the Dralon market in the UK.

In the longer term, Dawson may consider investing in a plant to spin yarn for Dralon.

Travel group launches automatic bookings

A COMMUNICATIONS service to enable travel agents to make automatic holiday bookings has been launched by International Leisure Group, the travel company, and Fastrak, a data services company owned by Midland Bank.

It is claimed that Intalink will enable travel agents to get through to tour operators immediately, without having to wait to be connected.

There will be a fixed annual cost of between £400 and £2,500.

Package tour price cuts threaten

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITAIN'S PACKAGE tour operators are facing the peak summer selling season with up to 2m unsold holidays and widespread fears of a fierce last-minute price war to fill empty airline seats and hotel beds.

Although the leading travel companies firmly maintain in public that there will be no repeat of last year's rock-bottom holiday prices - in order to discourage holidaymakers from waiting for last-minute bargains - price-cutting seems inevitable.

Mr Bruce Jones, a leisure industry analyst with stockbroker Kitcat and Aitken, says: "The travel industry expects some action soon to shift the unsold holidays."

"There is still quite a lot of capacity about and, with volumes down on this stage last year, something seems likely to happen."

"The biggest problem facing the tour operators is the slump in the market this year at the same time as holiday capacity has been increased.

Mr Roger Heape, managing director of Intasun, part of the International Leisure Group, admits: "The market is marginally below or just about the same as last year."

Others, however, believe the true picture is much worse. "We think it could be as much as 10 per cent down in volume compared with last year," says Mr Jones - a view shared by other City analysts.

Yet revised figures released this week by the Civil Aviation Authority show that tour operators had sought to increase their charter capacity for this year by 15.6 per cent in comparison with 1987.

Although that figure covers next winter's holidays as well, it shows that the tour operators were over-optimistic about the strength of the holiday market this year.

After an early bookings rush last year, demand for this summer's holidays has been steady rather than spectacular. The key question is how far

Thomson Holidays, the market leader, will go to sell off the estimated 700,000 holidays it still has on offer.

Thomson insists that it will sell these holidays rather than carry out what the trade calls "consolidation" - the practice whereby advertised holidays are merged with others to reduce capacity.

Thomson's determination reflects the fact that it got off to a bad start last autumn because its prices compared unfavourably with those of Intasun, its chief rival. In order to maintain its market share, Thomson needs to sell all its remaining holidays rather than consolidate them.

The hope of Thomson and the other tour operators is that the Budget tax cuts, lower interest rates and a poor summer will help to sell the remaining holidays without the need to cut prices significantly.

Otherwise, as one tour operator forecast yesterday, "There could be a real bloodbath in the scramble for sales."

Funds warning on liner project

BY JOHN MASON

ANY STATE subsidy for the Ultimate Dream cruise liner project proposed by Harland and Wolff would have to represent value for money for the taxpayer, Mr Peter Viggers, a Northern Ireland minister, said yesterday.

He said in a Commons debate on the state-owned Belfast shipyard that the subsidy application to build the world's largest cruise liner would be reviewed thoroughly and carefully.

However, he said: "We have the obligation to ensure that the public funds required for such a project as the Ultimate Dream

represents real value for money. The taxpayer will expect nothing less from us."

Mr Peter Robinson, Democratic Unionist Party MP for Belfast East, had urged the Government to take a more enthusiastic attitude on the project. If the ship were built it would force cruise liner operators to order similar ships, with Harland and Wolff becoming lead builders.

The yard is expected to complete its costing by early next month. It would then submit its application to the Economic Development Department.

Mr Viggers said the shipyard could not expect to continue receiving large-scale, long-term support. "There can be no absolute guarantee of lasting support from public funds regardless of the company's ability to compete effectively."

He said the Government would welcome a private-sector takeover such as the Kvaerner bid for long hove yard.

"Were there to be an expression of interest in the privatisation of Harland and Wolff, the Government would take any such proposals very seriously."

King persists with Ulster talks

BY OUR BELFAST CORRESPONDENT

ATTEMPTS TO set up inter-party talks on the prospects for devolved government in Northern Ireland are to continue in spite of what the Unionist leadership regards as important barriers to progress.

Mr Tom King, the Northern Ireland Secretary, admitted yesterday that serious difficulties had to be overcome before formal negotiations could start.

The Rev Ian Paisley, Democratic Unionist Party leader, and

Mr James Molyneux, Official Unionist leader, ended their series of initial talks with Mr King by giving a warning that continued dialogue between the Social Democratic and Labour Party and Sinn Féin was hindering progress.

But the SDLP was resisting pressure to end the talks yesterday, pointing out that another meeting was already scheduled.

Mr Anasta Currie, one of the SDLP representatives in the discus-

sions, said further meetings would depend on progress made at the next meeting.

Mr Paisley and Mr Molyneux declined to comment on their talks with Mr King on Thursday and will inform their colleagues.

Mr King made clear that he was determined to seek ways by which Northern Ireland people could have a greater input about how the province was governed.

APPOINTMENTS

London & Scottish Marine Oil deputy chairman

Lord Bees, a director since 1985, has become deputy chairman of LONDON & SCOTTISH MARINE OIL. His parliamentary career began in 1970 and he was secretary to the Treasury from 1983 to 1986. He is deputy chairman of Leopold Joseph Holdings.

Dr John Roberts has joined EXFAMET INTERNATIONAL as a director. He is group managing director of Rubercoid.

At BEJAM GROUP Mr John Galoway will become operations director in July. He moves from J.Sainsbury where he has been area director for the eastern area for the past six years with responsibility for the retail operations of 35 Sainsbury stores.

Mr Steve Evans has been promoted to director of services at RAPID RECALL, High Wycombe. He was services manager.

Mr Mervyn Leonard, general manager of the aerospace components division of FLIGHT REFUELLING, has been appointed to the board.

Sir Anthony Joffe has been made a director of CONFEDERATION LIFE INSURANCE COMPANY. He is chairman of Walter Greenbank and the outgoing president of the London Chamber of Commerce.

Mr Richard Apsland-Robinson has been appointed a director of

SINCLAIR GOLDSMITH (HOLDINGS). He is head of Goldsmith's City agency.

Mr Stan Reeves has joined RAVENHED CO as finance director. He was group financial controller at Seaford Holdings.

Mr N.A.C.S. Fawcett has been appointed director in charge of treasury at BROWN SHIPLEY & CO.

Mr James Bryant has joined ANGLIA SECURE HOMES as a non-executive director. He will continue as a non-executive director of Lazzards and Albert Martin Holdings as well as his directorship of Tweed Finance, a financial advisory company.

Mr J.F. Denholm was elected chairman of the GENERAL COUNCIL OF BRITISH SHIPPING at its annual meeting on May 26 in succession to Mr Kerry St Johnston. Mr Tom Kelly was elected vice president.

Mr Ralph Barber has been appointed general manager of CAL FUTURES. He remains group finance director. Major Anthony Everett has been appointed an associate director of CAL Investments.

Mr Richard Taylor has been made finance director of PERCOM, the personnel solutions company. He was financial controller of Bristol Babcock.

Q. WHY IS A BOMBAY BUS TICKET WORTH \$10,000?

A. HAWALA

Among the world's banking networks is one so secret it has no address, no records, no controls. But your corner shop may be part of it. This month, BUSINESS investigates how Hawala, India's money laundry, is now being hijacked by international crime.

Also, why a former Co-op shelf-filler is sipping up US supermarkets, how Bass is fermenting a leisure empire, timely advice on pension plans, the discreet charm of the Costa del Sol and the problems facing ageing studs.

BUSINESS Magazine, £2.28 (in hard currency).

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23 JUNE 1988

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FINANCIAL TIMES
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UK NEWS

Mountleigh takes control of Paternoster Square

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

PATERNOSTER Square, the office complex next to St Paul's Cathedral in the City of London, which is to be redeveloped, has passed into the sole control of Mountleigh, the property trading and development company that held a 50 per cent stake.

December that he was deeply depressed by the "overriding commercial considerations" that had characterised the plans. Mr John Duggan, a Mountleigh director, said it would now be possible to move the plans for redevelopment ahead more easily. "We don't have to consult a committee," he said.

Paternoster when it took over Stockley last year. Stockley had been part of a consortium that bought Paternoster for £20.25m in early 1986. Since then, property values in the City have soared.

First and second-class post may rise by 1p

By Hugo Dixon

THE PRICE of first and second-class postage stamps will rise by 1p in September if the Government accepts proposals made yesterday by the Post Office.

Alice Rawsthorn looks at the wider significance of the cuts at Corah Knitwear makers fight for survival

THE NEWS that Corah, one of the bastions of the East Midlands knitting industry, has been forced to resort to a drastic programme of cuts and closures has cast a cloud over the industry.

Asian entrepreneurs, which have sprung up in the East Midlands. Many such companies are very small, some operate illegally. Others again have grown into substantial concerns, notably Genetic Knitwear in Leicester, which has become one of the most successful companies in the industry.



John Foulkes: Rigorous review of activities

across the marketplace. In recent years most of the larger manufacturers have improved productivity by investment in technology. However, the industry is still unable to cope with such intensely competitive conditions.

BA forms link to lease airliners

BY LYNTON McLAIN

BRITISH AIRWAYS has formed a joint venture with the Irish GPA Group and McDonnell Douglas to specialise in leasing McDonnell Douglas MD-11 airliners.

VC-10s. BCal had an agreement with McDonnell Douglas to decide by July on the interior specification of its fleet.

options for MD-11s already placed by GPA for leasing on the world airline market. Those orders, worth up to 15 MD-11s, are worth over \$1bn.

Dentists' advert rules relaxed

By David Churchill

DENTISTS are to be allowed greater freedom to advertise their services. That follows a decision by the General Dental Council to accept new rules on dentists' advertising.

The move comes after discussions between the council, the statutory body governing the dental profession, and the Office of Fair Trading.

Garden centre funding sought

BY NIKKI TAIT

MR MALCOLM PARKINSON, a former Woolworth director, and Mr John Kennedy, an ex-finance director of B & Q - now the DIY subsidiary of retail chain Woolworth Holdings - are aiming to raise £10m from City institutions to set up a garden centre business.

attention in similar "demerger" bids for Exel, the information group, and London and Northern, construction to healthcare group, recruited Mr Parkinson to the board of Benlox in the course of the takeover battle.

about 5 per cent of the £2bn gardening market. However, there is a question mark over Mr Kennedy's involvement concerning agreements with former employer Woolworth Holdings.

Over half of homes 'own video recorder'

BY HUGO DIXON

MORE THAN half UK households are more open to new products than are other Europeans. Last year 2.15m video recorders were sold, up from 1.56m in 1986, taking penetration to more than 50 per cent of households.

Colour television sales were 4.01m last year, the first time they have passed the 4m mark.

Compact disc player sales grew strongly. 900,000 were sold last year, up from 685,000 in 1986. Ferguson expects 1.25m to be sold this year.

SIB orders report on trust fund revision

By Clive Wolman

MR DAVID HAYTON, professor of law at King's College, London, has been appointed to look into what measures are necessary to update the law of trusts and harmonise it with the requirements of the new investor protection regime.

Lucas to sell plastic parts factory to Dutch group

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

LUCAS INDUSTRIES, the automotive and aerospace components group, is to sell its Birmingham plastic components plant to Wolters Schaberg, the Dutch industrial group, for an undisclosed sum. The target completion date is August 1.

This year it withdrew from automotive lighting and announced the setting up of a joint-venture with Yuasa of Japan to run Lucas Electrical's car-battery plant in Birmingham.

Companies told not to rely on acquisitions

BY CHARLES BATCHELOR

EVEN quite large international groups could not rely on acquisitions alone to maintain their market position and to rejuvenate their product ranges. Mr Eston Gross, co-ordinator of acquisitions at Akzo, the Dutch chemicals group, said yesterday.

route" for venture-backed companies. Mr Lynton Jones, European executive director of Nasdaq, the US electronic stock market, gave a warning that Nasdaq would meet the needs of European companies if the stock exchanges in Europe failed to do so.

rienced no company failures since it was created in 1982. Amsterdam was keen to create a pre-listing market for venture capital-backed companies that were not yet ready for even parallel markets in London.

European stock markets must take care that they do not allow an independent market for venture capital-backed companies to develop on the lines of the Eurobond market, he warned.

Coal remains leading fuel for electricity production

BY MAURICE SAMUELSON

PRODUCTION in Britain's underground pits fell 12 per cent in the first three months of this year, but coal still held its place as the dominant fuel for producing electricity, according to the Department of Energy.

electricity (only 3.76m tonnes of coal equivalent). Coal improved its competitiveness in the industrial price index, falling 5 per cent in the last quarter of 1987 compared with the previous year, reflecting the increasing efficiency of British pits under the competitive pressure of lower world coal prices.

Nikki Tait and Andrew Fisher look behind the scenes at the changing fortunes of a unit trust and fund management group

A £25.2m deal between a 'mouse' and a very large elephant

OCTOBER was a bad month for Mr Richard Thornton, best known as the founder and former director of unit trust and fund management group GT. First, 38 trees were brought down in the hurricane around his Surrey home. Then, two days later, the stock market plunged savagely, reducing the funds under management at his present company, Thornton & Co.

announced yesterday - even if the £25.2m price tag put on Thornton is a quarter of the pre-crash figure. "Don't you think it's a coup?" he challenged. "I know we're a rather small mouse and they're a very large elephant, but we are getting distribution throughout Europe. And we retain a stake in the business."

Griffin in 1988, the "T" dropped out in late 1983 after a "perfectly friendly disagreement." It took Mr Thornton a matter of weeks to join Jacob Rothschild's RIT and Northern, with a view to increasing its Far Eastern coverage.



Richard Thornton: Retaining a stake in the business

some 13 per cent, and Hoare Govett slightly more than 20 per cent. The remainder was split roughly equally between institutional investors and management.

With Dresdner planning to buy a stake of about 70 per cent, the likes of Hoare Govett and BTR will disappear altogether. However, both Mr Thornton and the management will retain a "substantial minority," in the former's case, about 10 per cent.

securities business. But Mr Roeller did suggest at the annual meeting in Hamburg yesterday that Dresdner was continuing its growth strategy in this sector, in spite of the sharp price falls on world stock markets.

G.B.C. Capital Ltd. The net asset value at 30th April, 1988 was £33.13. The net asset value after contingent Capital Gains Tax was £32.62. European Assets Trust N.V. The net asset value at 30th April, 1988 DFI 6.08

COULD MARS, the planet named after the Roman god of war, be instrumental in getting the US and the Soviet Union to like each other more?

Dr Paul Keaton, a scientist at the Los Alamos National Laboratory in the US who has studied the idea of a manned Mars mission, says that a trip to the planet would "raise the perspectives of society".

Peter Marsh on Mr Gorbachev's proposal for a joint mission to Mars Détente's new frontier

about half that on Earth, meaning that people would feel rather lighter. And the planet's meagre atmosphere is about 100 times thinner than that of Earth.

For this, the US would build a wheeled "Mars rover" which would trundle over the planet guided by advanced sensors and computers, after having been taken there by either a US or Soviet rocket.

achieved very little in concrete terms. The US space programme has been in a shambles since the Challenger accident two years ago.

Ultimately, the fate of the joint voyage to Mars will depend on countries coming up with sufficiently sound ideas on the likely economic or political payoff of such a trip to the planet.



landing by the end of the decade, a goal which was reached a year early. The Soviet leader can see the obvious political mileage in the idea that, at the moment, his country is calling all the shots in

IN THE DOVER booking offices of P&O European Ferries early on Tuesday, someone had attempted to discourage potential passengers by defacing a glossy brochure with defamatory remarks about the company.

While Carol concedes that intimidation by the NUS is not as bad as it once was, she has no love for the union to which she once belonged.

By strike-breaking ferry to Calais

about £120 working as a stewardess during an equivalent period on board. The NUS has throughout the dispute insisted that P&O's new working practices mean more work without extra pay, less holidays, and therefore more risk to both workers and customers.

undermanned. On the contrary the crew of 108 was well above the number needed for a ship of its size. However, questions do arise over the exact composition of crews as a result of the NUS's refusal to work for the company.

Peter Masters, an engineer and on-board training officer says: "My impression is that P&O hasn't been quite as careful as it might have been, although given more time they are going to be more selective. They have to decide whether this is going to be a ferry company or a bus company."

While we talked and the ship sailed across one of the busiest crossings in the world, Mr Masters was training five crew members for engine-room tasks. Out of sight of other passengers, an Iranian, a Ghanaian, a fitter, and a tool-maker were among those being instructed in the rudiments of sea safety.

Throughout the 150 minutes of the crossing to Calais and back, about 50 crew members were undergoing familiarisation exercises. They gathered on deck for briefings and in the main lounges for video shows on safety measures. At times it seemed as if the Pride of Bruges was not a ferry at all but a training ship.

Government and the homeless

From Mr D.S. Redfern. Sir, Ivor Owen's account of a parliamentary debate on homelessness (May 24) reveals that both the UK Government and Opposition seem to think that central and local government's first duty, in the sphere of housing, is actually to provide houses.

Letters to the Editor

"This looks more like a gamble that went wrong". Sir, As a policy holder of London Life Association, I have read the various articles written by Nick Bonker and Eric Short since London Life's difficulties were made known in November 1987.

Solutions sought in the Sudan

From the Ambassador of the Republic of the Sudan. Sir, Your editorial ("Sudan's need for reconciliation," May 17) alleges that the weak civilian government is unable to cope with an intensifying civil war, growing religious divisions and a debilitated economy.

Chients discover that creativity can sell

From Mr Miles Young. Sir, It is not easy being a dolphin, and it is no easier to be an advertising agent. Christopher Dumkley (May 18) pays a handsome tribute to the entertainment value of the new British advertising.

Effort to provide a fine contemporary building for the City of London

From Mr Peter Palumbo. Sir, Mr Colin Amery, your architecture correspondent, judged by Monday's article (May 23), has undergone a conversion more complete than that which he now appears to use upon me as a general solution for the Number 1 Prunly site.

Table with columns: Applied rate, Interest rate, Minimum investment, Access and other details. Contains various investment options and their terms.

FINANCIAL TIMES

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 Telegrams: Finantimo, London PS4. Telex: 8954871
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Saturday May 28 1988

Mr Lawson on thin ice

MR NIGEL LAWSON, Chancellor of the Exchequer, has won a well-deserved reputation as an elegant skater on the ice rink of policy. He has managed to remain upright, however during the turns, despite the occasional (if loudly expressed) misgivings of his coach. But the most dazzling technique is no proof against a crack in the ice — and the ice is getting worryingly thin.

There is quite a lively debate over whether the UK is in the middle of an economic "miracle" or at the tail-end of an unsustainable consumer-driven expansion. The difficulty for Mr Lawson is that both propositions are correct.

The improvement in underlying performance is quite clear. In manufacturing the trend growth of labour productivity has been close to 5 per cent a year in the 1980s, though that in the economy as a whole is much lower. The potential rate of growth of the economy in the long term is now thought to be about 3 per cent a year, well above the rate of the 1970s, though no higher than in the then-despised 1950s and 1960s.

At the same time, demand has been growing much faster than long term potential supply, one result being GDP growth of 4½ per cent between 1986 and 1987. Such "unsustainable" growth is, from one point of view, highly desirable, since it has contributed to a reduction in measured unemployment (seasonally adjusted) of 755,000 from the peak of 3,210,000 in July 1982. From another point of view, it is disturbing, because the credit-driven expansion of demand looks quite unstoppable.

Creditworthiness

The test to come is how far UK creditworthiness will stretch in the face of a trend deterioration in the external account. Past experience suggests that external finance cannot increase without limit. At some point the scale of the claims accumulated against residents of the UK, along with the continued requirement for fresh borrowing, is likely to lead to a balance of payments crisis. If, in the meantime, the buoyancy of domestic demand has pushed up the prices of non-tradable goods and services, a sharp recession may be required to adjust the current account to what foreigners are prepared to lend. Alternatively, adjustment may include a large depreciation. Indeed, one can expect analysts to recommend depreciation in these circumstances. It is awareness among creditors of that very possibility which will exacerbate any exchange rate crisis, while the depreciation itself would turn inflationary pressure, hitherto suppressed by the current account deterioration, back on the domestic economy.

Perhaps as soon as next year, the Chancellor will regret the unavailability of the best alternative to the sharply higher interest rates needed to defend a sterling exchange rate with little credibility behind it, namely, full membership of the European Monetary System. What is needed now is not more of the skillful skating to which we have become accustomed. It is a different rink.

Similarity

With one major exception — the fiscal position — the UK economy has become worryingly similar to the US economy of a few years ago. Household savings have declined to almost comparable levels, borrowing is growing with startling rapidity, the currency is under strong upward pressure, and the current account is deteriorating. One even hears from pundits and from the Government itself that the strength of the currency reflects renewed confidence abroad — the apology that used to be trotted out by Mr Denis Regan, then US Treasury Secretary, while the dollar and the trade deficit both soared.

When soaring demand hits a limited, even if growing, capacity to supply, two things can give the current account or the rate of inflation in the UK's case the strength of the currency has eased that, so far, it has been the former. Unfortunately, the deterioration of the current account is more than a symptom of the pressure of demand, it is a harbinger of inflationary prob-

As Soviet troops withdraw and Afghanistan braces itself for civil war, John Elliott finds that Kabul just carries on trading

Business as usual while waiting for war

IT IS NOT quite the Hong Kong of the Hindu Kush. But the Afghan capital of Kabul is not making a bad job of being the free port of the Himalayas, given that it is in one of the world's poorest and most inaccessible countries — under-developed, war-torn and basically closed to outsiders.

Throughout the past eight years of Soviet occupation, Kabul has survived and even flourished as an important sub-regional entrepôt. It takes in duty free products from Japan and elsewhere through neighbouring Pakistan; then re-exports them (along with goods from Russia) at very low duties back to Pakistan. Its currency dealings, conducted by Sikh and Hindu Afghans of Indian origin in this Muslim country, defy logic.

As if to underline the city's role in international commerce, many Kabul streets are lined not with traditional ramshackle bazaar stalls, but with at least 40,000 cargo containers which have arrived in the last seven years from all over the world. Their ends are open on to the street; inside are displays of goods. They are cheaper than the traditional mud-brick constructions but are often covered with insulating mud rendering. Sometimes they are plastered together into terraces.

Here and in more established streets and bazaars you can buy Japanese videos, toothpaste or truck tyres, Russian caviar, crab meat or vodka, Hong Kong toys, Pakistani fruit juice or biscuits, and Mercedes cars — as well as traditional Afghan carpets, jewellery and furs. Prices are low compared with most countries.

This commerce takes place against the background of a sprawling sandy-brown city, set in a large dusty plain surrounded by gaunt brown hills. In the distance rises the snow-capped mountain range of the Hindu Kush. Kabul's inhabitants know they are surrounded by Mujahideen posts in the hills, but they mostly ignore the guerrillas' regular rocket and other bomb attacks. They are accustomed to the overflying Russian bombers and helicopters and the parachute flares that light the night-time mortar battles.

One day in the next year, however, the routine of this unlikely city may be shattered by a battle or siege, unless a change of power in the present Soviet-installed government somehow takes place without too much violence. It is now two weeks since the first of an estimated 115,000 Soviet troops began to withdraw, in the closing stages of an occupation that has lasted since 1979. They are all due out by next February, leaving President Najibullah's Government and its far less competent Afghan armed forces to defend themselves against the US-supported Mujahideen.

The Soviet Union's ambassador in Kabul has also expressed his country's interest in joining a reconstruction programme arranged by the United Nations. Prince Sadruddin Aga Khan, the UN co-ordinator of the programme, is visiting Kabul today and tomorrow. He will also go to Pakistan and Iran, before launching an international appeal for between \$1bn and \$2bn. This will bring in more Western funds than ever before; it will be used by the US as an opportunity to gain influence and counter that of the Soviet Union.

The first task is to provide for the refugees expected to return home when the military and political situation eases. There are an estimated 5m refugees (out of a total Afghan population of 15m in 1979) living in Pakistan and Iran. Coping with their return could cost between \$400m and \$500m, according to UN estimates.

Another \$1bn or more will be needed to reconstruct the country's devastated economy. Roads have been crushed by military vehicles, villages and irrigation ditches and wells left to crumble. But no one knows exactly how much damage

back, though most international experts expect almost all to do so when the situation stabilises. So far President Najibullah's promises of reconciliation and rehabilitation have failed to attract more than about 130,000 of the 5m exiles — and that is according to official figures which may overstate the scale of the return. "The Government needs to do more to convince people of its sincerity. We know Najib means what he says about reconciliation, but we can't yet convince the refugees," says one politician.

The new administration, being formed following elections last month, is intended to help attract the refugees and help the Government talk to senior Mujahideen military commanders. The aim is to encourage them, one by one, to desert their political leaders based in Peshawar (in Pakistan) and declare a truce. In return they would be offered financial incentives, the right to run their own areas as provincial barons and even election to the new national assembly, where 50 out of 231 seats have been left vacant for them.

President Najibullah's PDPA, however, is split into three factions, two of which oppose the reconciliation plans. Mr Najibullah's faction — encouraged, presumably, in its attempts at reconciliation by Mr Mikhail Gorbachev, the Soviet leader — is called the Parcham; it runs the civil government and the Khad secret police.

For about two decades it has opposed the Khalqi faction of the party, led by Mr Gulabzoi, Minister of the Interior, which controls the army, airforce and paramilitary forces, and is ideologically more Marxist and less pragmatic. The possibility of a coup, if Najibullah's approach to the Mujahideen proves too conciliatory, cannot be ruled out. Some observers believe, however, that there will be sufficient Soviet military advisers and instructors left at the top of the Afghan army to block such a move.

The third PDPA faction is led by Mr Babrak Karmal, whom the Soviet Union replaced as President with Mr Najibullah two years ago. This group — traditionally a strong supporter of the Soviet Union — is, ironically, even more opposed than the Khalqi to reconciliation and compromise with the Mujahideen.

It is, in any case, too early for any significant deals with the Mujahideen. Most observers expect some sort of war to take place first, but not for three months. Then more of the Soviet troops will have gone, leaving the far less proficient and dedicated Afghan army to fend for itself, relying for support on its well equipped air force.

Half the 115,000 Russian troops are supposed to be gone by November. By then they will have left most major provincial

It could cost \$500m to provide for the return of the 5m refugees, plus \$1bn to reconstruct the country's devastated economy

Official statistics show that Afghanistan's gross domestic product of 155bn afghanis (\$2.5bn at an unrealistically high official exchange rate) is growing at 2 per cent a year. But agriculture used to account for 80 per cent of GDP; its output has declined by anything between 20 and 60 per cent since the Russian invasion. So no one believes the figure of 2 per cent growth, and Mr Mohammed Khan Jalalari, the Minister of Commerce, says: "It is very difficult to know if it is going up or going down."

Underpinning the trading economy is a complex, decades-old multi-tier exchange system which also inflates national economic statistics. The local currency, the afghani, has an official rate of 55 to the dollar. But it changes hands at 160-180 in the dollar in Kabul's uncontrolled Sikh- and Hindu-run money market (which the Government uses itself for some operations.) In the provinces are other currencies, such as 75 afghanis to the dollar for cotton exports and 100 afghanis to the dollar for refugee aid.

It is impossible to estimate how many refugees will come



The future of Afghanistan: Mujahideen children prepared for battle

cities, such as Jalalabad, which they left a week ago, and Kandahar. And by then most diplomatic observers expect the Mujahideen to have greatly increased their already considerable occupation of rural areas and smaller towns. Most are prepared to carry on fighting rather than return to their farms. "At that point we wait for the war to start," says one senior diplomat.

The Mujahideen strategy in a war would presumably be to lay siege to a city, capture it and use it as a base to declare an alternative government, asking the US for recognition. That could trigger an even bigger war, or, as seems likely at some time or other, a compromise with the PDPA for a new government in which the Mujahideen would play a large role and Najibullah might be sacrificed.

But with their distinctive ability to blur the rough edges of reality, the people of Kabul are leaving all this to the future. There were tearful hugging scenes at the airport this week as Soviet wives and children left for home ahead of their husbands; at taxi driver: "Soviets going home, the same time, however, Sikh good!"

Klaus Jacobs

KLAUS JACOBS has long seen himself and his company, Jacobs Suchard — currently the highest bidder in the battle for control of Rowntree of York — as a David taking on the Goliaths of the world food industry.

In an emotionally charged address to his assembled general managers in 1986, at which he told them he and the company would have to change style, he made what in retrospect was almost a prophetic utterance. "We have to stand together as a group of friends in order to allow Jacobs Suchard to play a role of a David in today's scenario of mergers and takeovers," he said.

He seems to take a positive delight in fighting giants like Nestlé and Unilever. The 52-year-old Mr Jacobs is the second time in 18 months that he has challenged Nestlé for control of a chocolate company. Last time, in January last year, David beat Goliath in the bidding for Côte d'Or. Mr Jacobs took the Belgian chocolate group from under the nose of an embarrassed Nestlé. The larger company was left looking cumbersome beside its more agile rival.

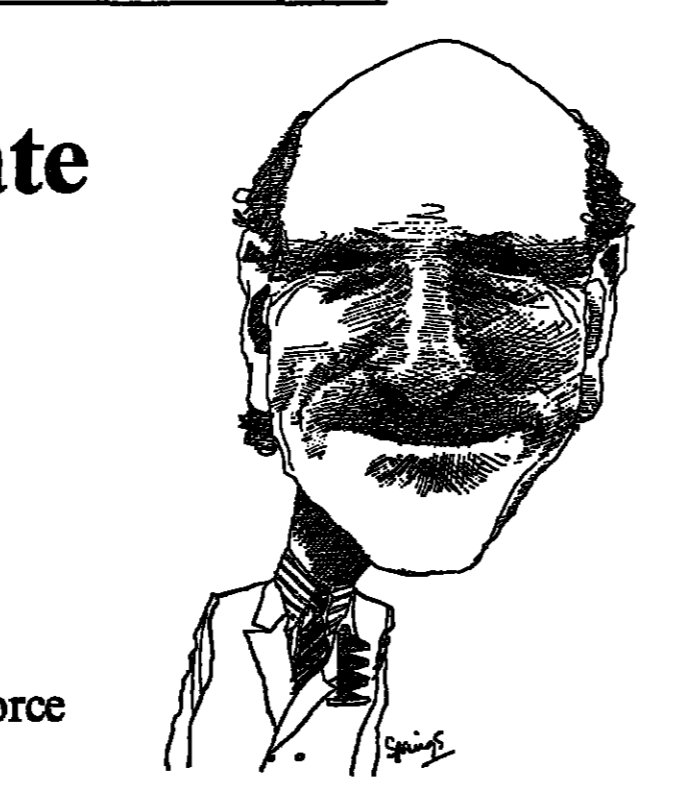
If Rowntree's directors eventually decide that they prefer Suchard, they should know it is ultimately Klaus Jacobs with whom they will have to deal. He takes all the crucial decisions and owns most of the company.

Colima, the family holding company in Zug, Switzerland, holds 55 per cent of the voting rights in Jacobs Suchard. Klaus Jacobs owns 62 per cent of Colima. The rest is held by a brother and two sisters.

Johann Jacobs founded the business when he opened a coffee shop in Bremen in 1856. He was succeeded by his nephew, Walther, Klaus's father, who built the company into Germany's leading coffee concern. Klaus took control in the early 1970s after a "crisis" with his father. He has said that, when the generation working with his father retired together, their average age was 66 — but even after they had gone it took "serious talks" with his father before power was transferred.

Mr Jacobs retains a strong fam-

Man in the News



ily feeling. In motivating his managers and shaping the corporate culture he urges them to emulate the spirit of family entrepreneurs like his grand-uncle. "The employee as entrepreneur" was the theme of the 1986 annual report.

Something of a management theorist, Mr Jacobs spells out corporate principles, puts great emphasis on in-house management training and likes to set annual themes for management. Last year it was "people"; this year it is — appropriately enough — "global brands".

A German by birth, but now a Swiss citizen, he has earned a reputation for toughness. This, critics say, was demonstrated in the reverse takeover of Interfood, the Suchard and Tobler parent in 1982, with which he took the company into the chocolate business. He has certainly shown both perspicacity and ruthlessness in buying a substantial slice of the European confectionery business and then rationalising it. A whole layer of middle management has been discarded in the process.

But he believes in delegating responsibility. There are only about 50 people at the company's Zurich headquarters. Local managers, Mr Jacobs said, must be capable of "performing the tasks and mandates of the organisation as a whole." It is a measure of his ambition that if he is successful in winning control of Rowntree, Jacobs Suchard will eclipse Mars

as the world's largest chocolate company. Until the merger with Interfood, Jacobs was Europe's largest coffee company, but was not in chocolates at all.

In 1988, sales amounted to SFr 4.5bn (£1.7bn) and pre-tax profits were SFr 178m. Since then, through a spate of acquisitions, sales have grown to SFr 6.1bn last year and profits to SFr 418m. Earnings per share have not advanced at the same rate, mainly because the company tends to make numerous rights issues, the latest of which was only last month.

The company is a vehicle for his vaulting ambition: other shareholders are treated with particular aloofness. Balding and slender, urbane and cool in man-

Our guide will translate double Dutch into plain English.

It's no surprise that some private investors have avoided the Options and Futures markets. There is often simply not enough information available, and the shoddy practices of some companies have given the trade a bad name.

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FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries World Indices showing regional and national market indices for Thursday May 26 1988 and Wednesday May 25 1988, along with a dollar index.

Base values: Dec 31 1986 = 100; Finland: Dec 31 1987 = 115.93 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Last prices were available for this edition.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Indices showing equity groups and sub-sections for Friday May 27 1988, with columns for index, change, and high/low values.

Table of Fixed Interest rates showing average gross redemption yields for various maturities and currencies.

Table of Name Changes for Equity sections and groups, listing new and old names and dates.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Table of trading volume in major stocks, listing volume for various sectors like AD&A, Anglo, and others.

ECONOMIC DIARY

Textual summary of economic events including Mr. Ronald Reagan's arrival in Moscow, UK bank holiday, and various industry reports.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange data, showing series, volume, and price for various options.

Advertisement for 'THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE' in aid of 'THE SICK CHILDREN'S TRUST', featuring a photo of a runner.

BASE LENDING RATES

Table of base lending rates for various banks and financial institutions.

Large advertisement for Taylor Woodrow Construction, Property and Homes, highlighting a 27th record year and listing key financial metrics.

WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of New York stock market data including Dow Jones, S&P 500, and various sector indices.

May 27

Table of stock prices for May 27, including various individual stocks and their prices.

May 27

Table of stock prices for May 27, continuing from the previous table.

May 27

Table of stock prices for May 27, continuing from the previous table.

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May 27

Table of stock prices for May 27, continuing from the previous table.

Wall Street Dow drifts lower in thin trade

Wall Street stocks hovered around their day's lows at mid-session, amid a lack of bidding...

A signal from the Fed that it was not tightening credit provided no support, and most investors had already left for the holiday.

At 2pm, the Dow Jones Industrial Average was down 3.78 at 1958.97.

Declining issues held a three-to-two lead over stocks that gained.

Texas was down 6% to \$49.7. The company said it had rejected Mr Carl Icahn's \$50 per share offer.

Canada Falling golds and energy issues lead declining Toronto stocks to a slight loss in quiet trading at mid-session.

The composite index, which had dropped about 5 points in early trading, fell 2.30 to 374.10 as declining stocks outnumbered those showing gains by 284 to 227 on light turnover of 9m shares.

Novo Corp of Alberta, most actively traded, was unchanged at \$310. Among other actives, Laidlaw Transportation slipped 1 cent to 13 cents and Canadian Pacific lost 2% to \$21.4.

Banks, in the midst of reporting second quarter earnings, were mixed. Royal Bank was unchanged at \$27.7.

North American closing prices were not available for reports in this edition.

Tokyo Active trading saw share prices close lower. There was caution regarding US interest rates...

The Nikkei discount rate, 137.75 to 27,280.49 on volume of 1.5bn shares against 1.1bn on Thursday. Falls led rises by three to two.

The focus was on stocks costing less than ¥1,000, which can easily be bought and sold. Securities houses were very active, with one broker estimating that the big four Japanese brokerages traded just under 50 per cent of the morning market.

Siemens soared to DM354.50, DM19.30 higher than Thursday's close. Dealers noted Siemens had recently underperformed the market and suggested yesterday's reaction might have been exaggerated by low volume.

After breaking through a new post-crash high earlier in the session, the market closed sharply higher.

The all-ordinaries index rose 22.7 points to 1537.5. It peaked at 1540.3 - the highest level since October 23, when it was 1528.

Since last Friday's close the all-ordinaries index has jumped 81.3 points.

FRANCE May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

GERMANY (continued) May 27

Singapore For the fourth day share prices closed higher across the board on speculative buying with sporadic profit-taking well-absorbed.

Statement was added by news that Singapore's GDP grew 10.8 per cent in the first quarter and Japanese brokerage giant Nomura Securities will be listing a new \$700m investment trust on the local stock exchange soon.

The Straits Times Industrial Index rose 6.29 points to 983.43 on turnover of 57.8m shares. Rises led falls by 141 to 84 and UIC rose seven cents to \$81.90 following its proposed acquisition of a big stake in Malaysian-based Roxy, which gained 9.5 cents to \$2.10.

Roxy has a 33.2 per cent stake, closed unchanged at 90 cents with 6.5m shares traded.

Zurich Following the trend in other leading stock markets, Zurich closed virtually unchanged in dull and lacklustre trading.

Nestle rose SF75 to SF75.075 while Jacobs Schuchard, its counterpart in the Rowntree takeover saga, edged up SF110 to SF177.600.

Hong Kong In dull trading, share prices closed barely changed. The Hang Seng index fell 6.79 points to 2,513.70 and the Hong Kong index slipped 3.92 to 1,622.82.

Years of an imminent discount-rate rise in the US and a concurrent rate increase in Hong Kong on Saturday kept the market confined to extremely tight ranges.

Helsinki A record high was reached at the close for the fifth day in succession. The United All-share Index closed up 4.1 at 697.9 after Thursday's close of 693.5.

Amsterdam Fears of a US discount rate rise dampened sentiment and the CBS All-share index closed 0.3 down at 83.0.

Feelings are mixed over scope of a Dutch discount rate cut soon, expected by some because of the guildler's relentless strength against the D-Mark recently.

Oslo In moderate trading, share prices closed higher after a lacklustre week. Oil shares were boosted by news that the minority Labour government may consider selling some of its stakes in North Sea oil fields.

A Dutch discount rate cut soon, expected by some because of the guildler's relentless strength against the D-Mark recently.

Milan Dull trading with no fresh factors to stimulate the market saw share prices closed lower in thin volume.

The MIB share index closed 1.13 per cent down on the day at 963.

INDICES

Large table of financial indices including Dow Jones, S&P 500, and various international indices.

Notes on the table regarding data sources and currency conversions.

INTERNATIONAL COMPANIES AND FINANCE

Toronto Dominion Bank shows growth

By Robert Gibbons in Montreal TORONTO DOMINION Bank Canada's fifth largest chartered bank, has reported a 26 per cent gain in second-quarter profits to C\$170.4m (US\$137.4m).

For the past two years the most profitable of the Canadian banks, TD posted first-half net profits of C\$316.8m or C\$2.03 a share, up 7 per cent from C\$297.4m or C\$1.92 a share in the same period a year earlier. Second-quarter per share earnings rose from 86 cents to C\$1.10.

Provisions for third world loans will be raised from 42 per cent to 45 per cent by the end of this year, requiring an increase in provisions of C\$122m. National Bank of Canada, the country's sixth largest, registered first-half net profits of C\$91.2m or 74 cents a share, against C\$120.9m or C\$1.06. The bank lost a C\$68.3m bond trading loss in the first quarter.

Carter Holt slips

CARTER HOLT Harvey, a New Zealand forestry and fishing company with extensive interests in Chile, showed a 6.9 per cent fall in net profits to NZ\$91.4m (US\$94m), in the what it described as a difficult year to March, writes Our Financial Staff.

Sales totalled NZ\$1.35bn against NZ\$1.32bn. The results included a tax credit of NZ\$23.8m against a charge of NZ\$17.6m and excluded extraordinary credits of NZ\$15.3m against NZ\$69.8m.

Winterthur acquires Intercontinentale from Italy's Gemina

BY ALAN FRIEDMAN IN MILAN AND JOHN WICKS IN ZURICH

GEMINA, the Milan-based holding company whose biggest shareholder is the Fiat Group, is to sell its Intercontinentale insurance subsidiary to Winterthur, the Swiss insurance company.

The exact price being paid is not known, but Gemina said yesterday that Intercontinentale would be valued at around L5,000m (€935m). This compares with the L5,300m which Gemina paid last year to acquire Intercontinentale.

Intercontinentale owns 93.3 per cent of Venta Assicurazioni, the Padua-based company which in turn holds 100 per cent of the life-insurance group Padovova Vita and 99.9 per cent of Sapa Security and Property Assurance. Last year Intercontinentale's premium income amounted to L4,600m. This is expected to rise to some L5,200m in 1988.

Investor group expected to buy Eureka Federal

BY LOUISE KENOE IN SAN FRANCISCO

AN INVESTMENT group headed by a former Bank of America executive is expected to acquire Eureka Federal Savings, the largest of 17 financially troubled California savings and loan (S&L) organizations currently under the control of Federal regulators, for \$100m.

Mr Danny Wall, chairman of the Federal Home Loan Bank Board, alluded to the deal in testimony before the US Senate Banking Committee on Thursday, but did not name the S&L. San Francisco-based America First Financial Corporation, headed by Mr Stephen McLean, a former Bank of America strategic planner, is expected to inject \$100m into the ailing thrift.

Amamax in \$68m acquisition

reserves and 9.57m barrels of oil and natural gas liquids, having an aggregate energy equivalent of 22.2m barrels of oil. Amamax said the deal is in line with its strategy of redeploying its petroleum business into domestic assets where earnings could be sheltered from taxes by Amamax's tax loss carryforwards.

JAL takes stake in Hawaiian Airlines

JAPAN AIR LINES, the country's flagship international airline, is to buy 20 per cent of Hawaiian Airlines, a US company, in order to expand its network of Pacific holiday routes.

JAL is paying about \$30m for its stake in what is said to be only the second-ever purchase of a strategic stake in a US airline by a foreign company. JAL, Hawaiian's parent, is issuing new shares equivalent to 20 per cent of its enlarged equity to Pan Pacific Holdings, a JAL subsidiary.

Hawaiian operates flights connecting outlying Hawaiian islands to Honolulu, which will complement JAL's existing service from Japan to Honolulu. Pan Pacific Airlines is currently building a large hotel and golf complex on Oahu island.

Also, JAL will be able to make use of Hawaiian's routes between Hawaii and the US West Coast to develop a tourist package combining Hawaii and California. But relations between the two carriers are planned to be at arm's length.

The recently privatized JAL faces increasing competition from all Nippon Airlines and Japan Air Systems, two domestic carriers which are expanding their overseas routes.

Steelmakers surge back into profit

JAPAN'S BIG five steelmakers surged back into profit last year after suffering huge losses in 1986-87. They all expect further progress in the current year and are hoping to restore their dividends to pre-1986 Y5 per share levels.

The recovery occurred against the background of large scale rationalization efforts made following the rise of the yen in 1986, and unexpectedly buoyant demand and prices, especially on construction steels in the domestic market, since the middle of last year.

For some of the companies, the profit turnaround was more dramatic than the figures suggest, as last year's losses were reduced by sales of assets, especially securities. Nippon Steel, for example, said its actual turnaround was Y177bn (€1.4bn), rather than the Y74.8bn indicated in the pre-tax figures. The company noted that it cut its costs by Y142bn and reduced its workforce by 3,350 people.

JAPANESE STEELMAKERS table with columns: Sales, % change, Pre-tax profit, Previous loss. Rows: Nippon Steel, Nippon Kokan, Kawasaki Steel, Sumitomo Metal, Kobe Steel.

Parent company results (Ybn, year to March 1988)

According to one estimate, the five companies combined achieved a real turnaround of Y500bn (€4.1bn) on combined pre-tax profits, excluding financial items, of Y100bn.

Booming domestic sector boosts builders

LEADING Japanese construction companies have all reported substantial increases in profits in the year to March, thanks mainly to the booming domestic market. The Japanese Government boosted its public works budget by 15 per cent to Y7,200bn last year and plans to spend a similar amount during the current year.

Obayashi reported pre-tax profit of Y24.5bn, up 13 per cent. Sales, however, fell 4 per cent to Y820.3bn. The company said the previous year's sales were exceptionally high because of completion of a hotel in Singapore. The profit increase resulted from cost-cutting and reduced interest payments. Obayashi (which last year bought Bracken House, the Financial Times building in London) is forecasting sales of Y880bn in the current year on which it expects to achieve a record pre-tax profit of Y27bn.

Taisei said its pre-tax profits rose 21 per cent to Y29.8bn, reflecting the boom in the Japanese construction market. Sales rose 5 per cent to Y1,033.6bn. The company is forecasting a further 10 per cent rise in pre-tax profits this year to Y33bn. At Shimizu, pre-tax profit was up 37.4 per cent to Y26.9bn. New orders received were up 13.2 per cent to Y1,205.9bn. Total sales rose 8.1 per cent to Y1,101.7bn. The company forecasts orders worth Y1,250bn this year and annual pre-tax profits of Y31bn. Profits of Daiwa House soared 51.2 per cent to a record Y33.6bn, and the directors have raised the dividend by Y1 per share to Y11.50. The company attributed the advance to brisk sales in its housing division, a good performance from its tourist industry division and increased profits from investments. Net profit rose 43.5 per cent to Y14.4bn on sales of Y462.3bn, up 19.6 per cent. The group is forecasting a further 18.8 per cent rise in pre-tax profits this year to Y40bn.

Matsushita Electric advances 12%

MATSUSHITA ELECTRIC Industrial, the largest Japanese consumer electronics group, achieved a 12 per cent increase in annual pre-tax profits to Y431.2bn, due to strong domestic sales which offset the impact of the rising yen on exports. Sales rose 8 per cent to Y4,819bn on a consolidated basis in the year to March, boosted by a 14 per cent increase in turnover inside Japan. Overseas sales were down 1 per cent, with exports from Japan 4 per cent lower. The company made scarcely changed profits of Y90.6bn net of Zaitzeck, or financial investments. This compares with operating profits of Y287.2bn. Net profits were 18 per cent up at Y162.5bn, giving earnings of Y94.4 (Y75.5) a share. Matsushita forecast a sales increase of 5 per cent to Y5,200bn and a pre-tax profit rise of 12 per cent to Y490bn.

Sharp, which makes the bulk of its profit from Zaitzeck, reported a modest 1.2 per cent increase in annual pre-tax profits to Y38.5bn. Operating profit rose 4.5 per cent to Y11.2bn, but non-operating earnings were static. Sales rose 0.5 per cent to Y872.7bn. While domestic sales rose 12.5 per cent, exports fell 10.2 per cent.

rolled steel while the others had slight sales increases. Kobe Steel, the smallest of the big five, was the only one to still be in loss at the pre-tax level, excluding financial gains. Its loss on this basis was Y8m.

All the companies expect further improvement in profits in the current year. A Nishin Steel, the sixth largest Japanese steelmaker, said its pre-tax profit recovered to Y28.5bn in the year to March 31 from only Y8.6bn in the previous year. Sales rose 3.1 per cent to Y363.5bn. It is forecasting another sharp rise in pre-tax profits this year to Y45bn.

overseas construction dipped sharply. This year, the company expects pre-tax profits to show only a marginal improvement to Y9.5bn.

Half-year pre-tax profits of Kajima Group rose 8.2 per cent to Y3.7bn. The company attributed the advance, on sales of Y376.2bn, up 15 per cent, to the construction boom in the Tokyo Metropolitan area. For the full year, the company expects a pre-tax profit of Y9.5bn.

Kajima, reporting an irregular profit as it changes its year-end, said pre-tax profits in the four months to March were Y13.5m, well ahead of the forecast Y12.5m. In the current year, it expects pre-tax profit to reach Y40m on sales of Y1,170bn.

Sales of consumer products were down, by as much as 18.8 per cent in the case of audio equipment, and 4.8 per cent in electronic equipment. Sharp has suffered more than most Japanese electronics groups from the strength of the yen because of its dependence on exports, which make up nearly half of turnover. Even after last year's gain, operating profits were well below a peak of Y37m in 1985. Net profit fell 6.2 per cent to Y18.9m. For the current year, Sharp forecasts a 9 per cent increase in sales and a 25 per cent rise in pre-tax profits to Y45m.

JAPAN'S LONG-TERM CREDIT BANKS

Table with columns: Revenue, Pre-tax profit, Net profit. Rows: IBJ, LTCB, NCB.

JAPAN'S three long-term credit banks have increased profits steadily, mainly by taking advantage of falling interest rates to lower their funding costs. Industrial Bank of Japan, Long-Term Credit Bank of Japan, and Nippon Credit Bank, all reporting for the year ending in March, also cited increased fee-income, a growing return from expanding overseas operations, and profits from sales of securities holdings.

The three are trying to increase investment banking activities, particularly abroad, in order to find new resources of revenue to compensate for the fact that Japanese industry no longer needs to borrow as much as it used to.

Week in the Markets

AS ONE door opens another one threatens to close - that seems to be general view in the world nickel market at present. The six-month-old tax dispute which had been blocking supplies from the Dominican Republic is over; but fears that Inco, the world's biggest producer of the metal, may be hit by a strike when its labour contract expires next week are continuing to underpin prices.

WORLD COMMODITIES PRICES

Table with columns: Commodity, Price, Change. Rows: Gold, Silver, Aluminum, Copper, Lead, Nickel, Zinc, Tin, Cotton, Sugar, Wheat, Barley, Soybeans, Rubber, Oil, Coffee, Cocoa, Wheat, Corn, Soybeans, Rubber, Oil, Coffee, Cocoa.

US MARKETS

LATE TRADE buying saw platinum prices rally before commission house selling on the close pared gains, reports Drewl Burnham Lambert. Otherwise, the precious metals traded narrowly with gold and silver under early pressure from trade selling. Copper led as new speculative short-selling depressed prices. Energy futures were mixed to lower in quiet pre-holiday trading. Coffee was mixed, featuring light short-covering. Cocoa tended to consolidate, on balance firming as trade buying absorbed speculative and fund long-liquidation. Sugar ended a volatile day higher, but after aggressive trade and commission house buying, the trade turned seller at the high, driving prices 30 points lower before the close. The grains were higher across the board as a reassessment of weather forecasts for the near-term convinced traders that expected rains would continue to be insufficient. Cattle began steady, by heavy commercial hedge selling took prices lower. Hogs and bellies were strong in response to cash prices.

Chicago

Table with columns: Commodity, Price, Change. Rows: Soybeans, Soybean Meal, Soybean Oil, Wheat, Corn, Soybeans, Soybean Meal, Soybean Oil, Wheat, Corn.

New York

Table with columns: Commodity, Price, Change. Rows: Gold, Silver, Platinum, Palladium, Aluminum, Copper, Lead, Nickel, Zinc, Tin, Cotton, Sugar, Wheat, Barley, Soybeans, Rubber, Oil, Coffee, Cocoa.

© A name unless otherwise stated. P-pence/kg, c-cents/lb. Unquoted, p-pence/kg, o-cents/lb. 1-yr. Aluminium 99.7% only quoted July.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

12% US Cap Ltn 2010 - 212K (25/88)
10% US Cap Ltn 2007 - 215K (25/88)
CO-Operative Bank PLC 2.5% Cum Red Pfr 2012 - 210 (25/88)

UK Public Boards

Applied Materials PLC 2.5% Cum Red Pfr 2012 - 210 (25/88)
British Airways PLC 2.5% Cum Red Pfr 2012 - 210 (25/88)

Foreign Stocks, Bonds, etc-(coupons payable in London)

Deutsche Telekom AG 10% Cum Div 1988 - 210 (25/88)
Nippon Denso 10% Cum Div 1988 - 210 (25/88)

Registered Housing Associations

Arden Housing Association 10% Cum Div 1988 - 210 (25/88)
Arden Housing Association 10% Cum Div 1988 - 210 (25/88)

Commercial, Industrial, etc

AAI PLC 2.5% Cum Red Pfr 2012 - 210 (25/88)
AAI PLC 2.5% Cum Red Pfr 2012 - 210 (25/88)

Sterling Issues by Overseas Borrowers

American Brands Int'l 12 1/2% US Ltn 2010 - 210K (25/88)
American Brands Int'l 12 1/2% US Ltn 2010 - 210K (25/88)

Financial Trusts, Land, etc

American Express Co 8.5% US Ltn 2010 - 210K (25/88)
American Express Co 8.5% US Ltn 2010 - 210K (25/88)

Mines - South African

Anglovaal Ltd 12% US Ltn 2010 - 210K (25/88)
Anglovaal Ltd 12% US Ltn 2010 - 210K (25/88)

Oil

Anglo Energy PLC 12% US Ltn 2010 - 210K (25/88)
Anglo Energy PLC 12% US Ltn 2010 - 210K (25/88)

Water Works

Anglo Water PLC 12% US Ltn 2010 - 210K (25/88)
Anglo Water PLC 12% US Ltn 2010 - 210K (25/88)

USM Appendix

Anglo PLC 12% US Ltn 2010 - 210K (25/88)
Anglo PLC 12% US Ltn 2010 - 210K (25/88)

ITL Information Technology

ITL Information Technology PLC 10% - 200K (25/88)
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Leasing PLC 10% - 200K (25/88)
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North Rhine Westphalia

The Financial Times proposes to publish this survey on...

June 29th 1988

For a full editorial synopsis and advertisement details, please contact: Darren Dodd...

or if in Germany please contact:

Financial Times (Germany) Ad Advertising Ltd, Guilloitstrasse 5, D-6000, Frankfurt am Main...

USM Appendix

Anglo PLC 12% US Ltn 2010 - 210K (25/88)
Anglo PLC 12% US Ltn 2010 - 210K (25/88)

FOREIGN EXCHANGES

Dollar asserts its strength

THE THOUGHT of a rise in the US discount rate provided sufficient interest in the US dollar to push it through resistance levels yesterday. Most traders were convinced that higher than expected GNP growth in the first quarter would ultimately lead to a tightening in US Federal policy.

A £135m visible deficit and a current account shortfall of \$255m, were both much in line with expectations and failed to provide any renewed stimulus for sterling.

The pound's exchange rate index finished at 78.2, unchanged from the opening but down from 78.3 on Thursday. Against the dollar, the pound fell to \$1.8560 from \$1.8630 on Thursday.

The French franc managed to climb to a seven month high against the D-Mark, despite the quiet conditions. In Paris the D-Mark slipped to FF2,3894 from FF2,3748 on Thursday.

The D-Mark's misery was compounded by further selling in Frankfurt. Higher US interest rates encouraged investors to switch some of their portfolio out of D-Marks and into dollars ahead of the long weekend.

£ IN NEW YORK

Table with columns: May 27, Latest, Previous. Rows: 1 month, 3 months, 12 months.

STERLING INDEX

Table with columns: May 27, Latest, Previous. Rows: 100, 100, 100, 100, 100, 100.

CURRENCY RATES

Table with columns: May 27, Bank, Spot, 3 months, 12 months. Rows: Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: May 27, Bank of England, Morgan's, Country, Changes. Rows: Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: May 27, £, \$, ¥, etc. Rows: Argentina, Australia, Brazil, etc.

MONEY MARKETS

UK INTEREST rates were slightly firmer in the London money market yesterday. Trading was rather lacklustre ahead of the long weekend, and there was little incentive derived from UK trade figures for April.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: May 27, Day's spread, One month, Three months, Six months, One year. Rows: US, Canada, France, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: May 27, Day's spread, One month, Three months, Six months, One year. Rows: UK, Canada, France, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: May 27, Short term, 7 days, One month, Three months, Six months, One year. Rows: Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: £, \$, DM, Yen, FF, S.Fr., H.Fr., Lit, C.S., B.Fr. Rows: £/\$, £/DM, etc.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. May 27, 3 months US dollars, 6 months US Dollars. Rows: 3M 7%, 6M 7%.

MONEY RATES

Table with columns: NEW YORK (Linchments), Treasury Bills and Bonds, Prime rate, etc.

LONDON MONEY RATES

Table with columns: May 27, Overnight, 7 days, One month, Three months, Six months, One year. Rows: Interbank Offer, etc.

Cadbury activity dominates thin markets

Account Dealing Dates: First Declared, Last Dealings, Day Account. Rows: May 9, May 19, May 20, May 31.

FINANCIAL TIMES STOCK INDICES. Table with columns: May 27, May 26, May 25, May 24, May 23, Year Ago. Rows: Government Secs, Fixed Interest, Ordinary, etc.

Cadbury shares rose strongly in massive turnover as a new and determined buyer appeared. Both Morgan Grenfell and Salomon Bros mounted raids on Cadbury stock.

but they can't because the pound is still too strong, was the view of one of the major US banks trading in London. The brief fall in equities reflected nothing more than marking down operations by the marketmakers.

News that the Treasury is to buy in at prevailing market prices the 38.5m partly-paid BP shares acquired by the Bank of England via its safety net operation had little impact on BP shares.

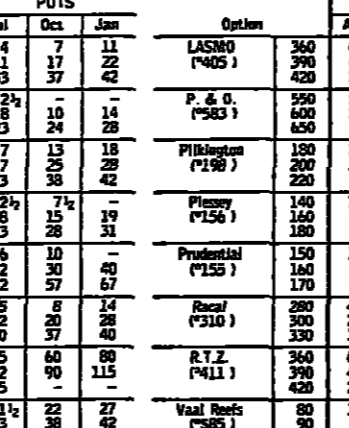
eastern at 25p, on turnover of 3.8m shares, while the "new" where turnover picked up significantly on Thursday afternoon.

Meanwhile, Hazlewood Food dipped 6 to 22p on profit-taking after the 22p per cent earnings jump revealed on Thursday.

LONDON TRADED OPTIONS

Table with columns: Option, Jul, Oct, Jan, Apr, Jul, Oct, Jan. Rows: Allied Lyons, Bric. Airways, etc.

LONDON SE



NEW HIGHS AND LOWS FOR 1988

Table with columns: NEW HIGHS, NEW LOWS. Rows: BRITISH AIRWAYS, BHP, etc.

Traditional Options

Table with columns: Option, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows: LANSB, P & O, etc.

NEW HIGHS AND LOWS FOR 1988

Table with columns: NEW HIGHS, NEW LOWS. Rows: BRITISH AIRWAYS, BHP, etc.

السوق المالية

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information for various companies including Abbey Life Assurance Co Ltd, City of Edinburgh Life Assurance, and others. Each entry lists the company name, address, and a list of unit trusts with their respective values and performance metrics.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts such as Aberdeen Life Assurance Co Ltd, American Life Assurance Co UK, and others, including their addresses and unit trust details.

INSURANCES

Table listing insurance companies and their services, including details on various insurance policies and contact information.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Aetna Unit Trust, and others, with columns for name, manager, and performance metrics.

Table listing unit trusts under the heading 'Banks and Finance', including Bank of Ireland Unit Trusts and various bank-related funds.

Table listing unit trusts under the heading 'Equity and Law Unit Trust Managers', including Equity & Law Unit Trust Managers Ltd and related funds.

Table listing unit trusts under the heading 'General Unit Trust Managers', including General Unit Trust Managers Ltd and various general investment funds.

LEADERS AND LAGGARDS

Table showing percentage changes since December 31, 1987, for various sectors like Property, Life Insurance, and others.

RISES AND FALLS

Table showing percentage changes on Friday, Wednesday, and Thursday for various categories like British Funds, Industrials, and others.

BANK RETURN

Table showing banking department liabilities and assets, including Public Deposits, Reserves, and Government Securities.

Care of The Environment

Advertisement text for 'Care of The Environment' survey, mentioning the Financial Times and contact information for S.P. Dunbar-Johnson.

Table listing unit trusts under the heading 'Commercial Unit Trust Managers', including Commercial Unit Trust Managers Ltd and various commercial funds.

Table listing unit trusts under the heading 'Equity and Law Unit Trust Managers', including Equity & Law Unit Trust Managers Ltd and related funds.

Table listing unit trusts under the heading 'General Unit Trust Managers', including General Unit Trust Managers Ltd and various general investment funds.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts and their performance metrics.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and Americans.

Table of Money Market Trust Funds and Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Newsprint, Newsprint, Newsprint, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of Mines stocks including Mines, Mines, Mines, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Traders, Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, Plantations, etc.

THIRD MARKET

Table of Third Market stocks including Third Market, Third Market, Third Market, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft Trades, Motors, Aircraft Trades, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers, Publishers, Newspapers, Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, Paper, Printing, Advertising, etc.

SHIPPING

Table of Shipping stocks including Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

SOUTH AFRICANS

Table of South Africans stocks including South Africans, South Africans, South Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

OIL AND GAS

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional & Irish Stocks, Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including Traditional Options, Traditional Options, Traditional Options, etc.

A selection of options traded in the London Stock Exchange...

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES - Contd

Table listing drapery and stores companies with columns for Stock, Price, and other financial metrics.

ENGINEERING - Contd

Table listing engineering companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

CANADIANS

Table listing Canadian companies with columns for Stock, Price, and other financial metrics.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for Stock, Price, and other financial metrics.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, and other financial metrics.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for Stock, Price, and other financial metrics.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, and other financial metrics.

HOTELS AND CATERERS

Table listing hotels and caterers companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies with columns for Stock, Price, and other financial metrics.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INSURANCES

Table listing insurance companies with columns for Stock, Price, and other financial metrics.

LEISURE

Table listing leisure companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

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WEEKEND FT

Weekend May 28/ May 29 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Brighton Rock revisited



It is exactly 50 years since Pinkie, the boy gangster, strolled among the Whitsun bank holiday crowds of Graham Greene's novel, Brighton Rock, plotting murder. Can Greene's Brighton still be recognised? Can Pinkie still be glimpsed? asks Michael Thompson-Noel

At the start of Brighton Rock, Fred Hale leans against a rail near Palace Pier and realises that they mean to murder him. "With hisinky fingers and his bitten nails, his manner cynical and nervous, anybody could tell he didn't belong... belong to the easy summer sun, the cool Whitsun wind off the sea, the holiday crowd" which had roared down Queen's Road on little local trams and stepped off, bewildered, into fresh and glittering air.

Leaving against a rail near Palace Pier I see that Greene's Brighton is still recognisable, though it no longer resembles a "pale Victorian watercolour." The crowd mools, like twisted wire, seeking its grain of pleasure in the wind and sun.

At the entrance to World Famous Palace Pier I fill my lungs with the air of doomed gaiety that all piers possess. No bicycles, no skateboards, admission free, hot 'n' fresh donuts five for £1, toys, gifts, films and Eva Petulengro, Clairvoyant. There is a Palace of Fun (games and amusements) to suck away your money and a punkish throb of music ("Palace Pier Radio" - the only pier in the world with its own radio station).

Hiding from the wind, a bare-chested youth and his bare-foot girl lie sprawled on a beach towel. They have a bottle of gin, a bottle of sherry, two plastic cups, a tin of tobacco, a crumpled-up newspaper (it looks like *The Independent*) and a little pink radio. There are all sorts about - schoolchildren and punks, businessmen with their secretaries, seven puzzled Swedes and a girl in a white tulle dress.

There is no sign of Pinkie, the boy psychopomp, or of anyone resembling him, but their it strikes me: if Pinkie were alive and living in Brighton, he would be running an antique shop.

From halfway down the pier you get a ringside view of the rubbishing of Brighton, concerned as it is between the downs and the sea. To east and west lie the stucco terraces and magnificent crescents where Regency Brighton lingers. But the town has been battered. It is a shrine to bad planning. Some of its mistakes are famous, like hideous Churchill Square with its graping shops and stores, or the much-loathed conference centre that desecrates the waterfront. The most abysmal chunks of awfulness are the monstrous tower blocks - I count 12 from the pier - that loom down malevolently.

Turning back into the crowd, Fred Hale enters a pub and encounters Ida Arnold, who isn't only a fine shrew, early favorite - her breasts point through her thin summer dress. "I'm out for a bit of fun," says Ida. You can still have your fun in Brighton, for it gives off the whiff of a seaside seraglio - a bit of slap and tinkle, good British fun, where's the harm in asking, straight on brass bedposts, pop down from London, Clive Wolman, the most successful businessman attending conferences, businessmen whom, here comes the salesforce, a quick meal in Preston Street, make it half-past eight, if my office rings, discos and nightclubs, buffets in sequined shorts, notices in the newspaper: Lady Seeks

Employment, saunas and escorts, how much did you say, the leather crowd in Kemp Town, so I said to him, tattoos and candyfloss, good old ruddy Brighton, a bit of slap and tinkle, harmless British fun.

In the great lounge of the Cosmopolitan Hotel, Pinkie waits for Collocci, a far superior gangster. "Young men kept on arriving in huge motorcars accompanied by small tinted creatures, who rang like expensive glass when they were touched but who conveyed the impression of being as sharp and tough as tin... Mr Collocci came across an acre of deep carpet from the Louis XV writing room, walking on tiptoe in black shoes."

Amid the faded splendour of the Grand Hotel, Brighton's finest, I can see no one like Collocci, though unlike Graham Greene I am not allowed to improvise. Bombed by the IRA in 1984, the Grand was reopened in 1986 after an £11m refurbishment and will welcome the Conservative Party back again this October. "There's a lot of money that visits Brighton at a weekend," says the manager, "though flash people don't tend to come to the Grand." It has 160 rooms. Those with a sea view cost £170 a night, the penthouses £220. At the start of June an international seed conference will fill the Grand for four days; then it's Naïgo.

Brighton's director of tourism and resort services is William Burnett, a no-nonsense professional with a lifetime's work in public sector tourism, who tells me that Brighton is not, primarily, a seaside resort. "Brighton plus Hove equals about 250,000 people. Greater Brighton, from Newhaven in the east to Shoreham in the west, equals about 500,000, so first and foremost it is an urban conurbation. It is a thriving community that is open 365 days a year. It's not a Worthing, not an Eastbourne, not a part of the Costa Geriatrica. It doesn't shut, or have a season; it can be busier in January than July, being more dependent on conferences and exhibitions than on mainstream tourism. There is a very healthy conference diary through to about 1993. "It's youthful: the University of Sussex and Brighton Polytechnic account for about 10,000 students. It is also London-by-the-sea: your yuppies and East Enders. All told, it gets about 3m visitors a year. But it's a quality resort. Brighton has only 6,000 bed spaces against 35,000 for Bournemouth, about 80,000 in Torbay, and God-only-knows in Blackpool. We're small and we're not cheap. It may be faded, but that is part of its charm: its cosmopolitan taintness. "Litter? Filth? The council certainly recognises that Brighton is not as clean as it should be, and is spending considerable

sums. It is looking at by-laws which would make owners of property responsible for the cleanliness of pavements outside their houses. "Pinkie would have loved this, of course - would have had a racket going, clearing up filth and then dumping it on pavements. But there is no sign of him in Old Steine - just corporation tulips and some Safe Sex leaflets, swirling in the wind. At the police station, Pinkie is questioned by an inspector who tells him: "The races start next week, and I don't want to have any big scale mob fighting in Brighton. I don't mind you carrying each other up in a quiet way, I don't give a penny for your worthless skins, but when two mobs start scrapping people who matter may get hurt." Chief Inspector Tim O'Connor and three of his colleagues who tell me that their biggest problem currently is an epidemic of theft from cars, plus house burglary, much of it drink or drug-related. "Fifty years ago there were very few juvenile offenders, because adults kept children in their places. Violence? There's

a bit of a hull at present. Brighton today is less violent than 20 or 30 years ago. Fifty years ago crime was much more organised. Our last dust-up was with a nasty gang of teenagers over there in West Street but we took them out last summer, arresting 23 in one night. "What is most noticeable is vandalism, actual damage to property. It's nothing to see a crowd of yobos walking through the town at night smashing 10 or 12 windows. "Protectionism? No, not really - Weapons? No, there isn't any wizard (Pinkie's favourite persuader). What we get are Stanley knives, or straightforward stabbers. They'll push a bloke into a doorway - Got any money? - No? - whoosh, in goes the knife. We get some large punches. There is an incredible number of prostitutes, always has been, though now it's called massage. And there are many homosexuals, some of whom tend to settle domestic arguments with knives. "Antiques? Let us say that some of our dealers in Brighton are not pure in heart, but stolen gear is very hard to watch. Stuff can go from here to London and back twice in 24 hours and quadruple in price. There is a direct line to Amsterdam.

"By and large, though, the lid is still on crime. It's safe to go out at night. Crime is not rampant. Back on Palace Pier, beyond the Peep Shows (*A Night of Love, The Fan Dancer*), Pinkie attempts to purchase a picture from a photographer's kiosk. Behind the man's head Pinkie can see "framed snapshots of King Edward VIII (Prince of Wales) in a yachting cap... Vesta Tilley signing autographs; Henry Irving muffled against the Chancel window; a nation's history." To burnish his image Brighton plays up its history, plays up its strengths. This is elementary marketing. But it is a town of facades. At a house on Grand Parade, Selma Montford, director of the Lewis Cohen Urban Studies Centre, tells me that what Brighton hasn't got are serious racial problems. "But we've got everything else - high unemployment (certainly higher than the region), low wages, soaring housing costs and enormous poverty, much of it hidden. You can go into houses where there is not a stick of furniture, where the bonneters have been hit for fuel and people live by candlelight. There is also a lot of genteel poverty: Dickensian hardship behind the Regency facade. Because it's a tourist town, social problems get brushed under the carpet. It's always been after a blue sky image. As for the future, that is rising east of the town in the shape of the Brent Walker Brighton Marina Village which is set, says the brochure, "to be the most exceptional leisure and living environment in Europe... more than 800 houses... exacting standards... Gateway Superstore... international style hotel... encircled by courtyards... graceful piazzas and twinkling harbour lights... bistros and bars... a truly cosmopolitan ambience." I sit in my car, reading this tripe. And then I see Pinkie, arguing with a foreman, gesticulating angrily. But of course I am mistaken. It is not him at all. These piazzas and lagoons are cloistered, hermetic, sealed for the rich, not Pinkie's class at all.

Up at the raccourse, Pinkie watches Black Boy win from Memento Mori and General Bayoume. And then Collocci's men close in, with their cut-throat razors. "They made no attempt to come in and finish him... One of them leans forward to cut his cheek, and when he put up his hand to shield himself they slashed his knuckles again. He began to weep, as the four strong men by in a drum-head of horses beyond the rail. As it is a fine day I breeze up to the course. Mist hides the town. The jockeys' silks glow. There is a very small crowd. The grandstand looks like the set of a pre-war film. Men in red ties down large gins and Scotches. "We don't have any aggression," says Clifford Griggs, the jovial clerk of the course. "Maybe a punch-up, but no great incineration. Not like the North." The bookies are lethargic. It is 4-1 the field. By gazing deep into the soul of a nine-year-old gelding - it wins very narrowly: what a wonderful old showman - I fessme a bundle of sweaty notes from a dim and ancient bookie who just might have been around when Pinkie got his cuts. Back down the hill, back on Palace Pier, I buy a stick of rock, hued like a rainbow. "Brighton Rock," says the label. "Green-van Confy, Post Code SS1 2HJ. Ingredients: Sugar, glucose syrup, permitted flavouring and one or more of the following colours: E127, E102, E142, E122, E124, E110."

The Long View

Sweet returns for the gilded generation

LORD YOUNG'S decision on Wednesday to waive through the two rival bidders takeover bids for Rowntree mark a high point of the economic and political tide running throughout the 1980s in favour of the owners of capital and wealth. Amid all the allegations about the Swiss mounting unitary Cadbury Schweppes and about Lyons (only let on the book once in 1985 by government policy). The managers of both companies have yet to persuade the outside world that synergy between their sprawling collections of brands exists anywhere except in the minds of the advertising agencies running their corporate image campaigns. The political weakness of the Government's stance is the lack of public sympathy for the beneficiaries of its policy. These are the shareholders who, in the case of Rowntree, have seen a doubling in the value of their holdings as a result of takeover bids. As usual, estimates, takeover bids, actual, anticipated or threatened, have boosted total UK shareholder wealth by more than 15 per cent over the last five years. It is difficult to feel enthusiastic about the enrichment of City fund managers interested only in taking their money and running, as they were described by opposition Parliamentary spokesman Wednesday. But the real beneficiaries of takeovers are the members of pension schemes and the policyholders of insurance companies, rather than City fund

Who are the real winners and losers of the past decade of shareholder power, booming asset prices and high interest rates? Clive Wolman argues that age, rather than class, is the key factor



managers, who have always shown ingenuity in securing generous incomes for themselves regardless of the rises or falls in the wealth of their clients. Policyholders and pension scheme members are shielded from stock market fluctuations by so many financial buffers and layers of intermediaries that the outcome of the battle for Rowntree will have no discernible effect on their financial position. A member of a company pension scheme with, say, 0.5 per cent of its assets invested in Rowntree is unlikely to mobilise a counter-demonstration outside Parliament in support of the bid for fear that otherwise his pension benefits will suffer. The other reason for the lack of

support for the Government's pro-shareholder policies is that they may only seem like just one more plank in a policy of redistributing income and wealth from poor to rich, or at least to those that have already been making high returns. Over the last six years, investors and savers have never had it so good. With a typical portfolio of UK shares, you would have made real capital gains of 111 per cent since the start of the bull market in September 1981, after allowing for inflation and last October's stock market crash. In the previous nine years, UK shareholders saw 60 per cent of the value of their assets in real terms wiped out. House-owners have made gains almost as dramatic. And if you held Government securities or savings in a bank or building society, you would have enjoyed higher real rates of interest than in any other six-year period this century. The Government's liberal policy on mergers and acquisitions has played a part in boosting the returns on capital and savings by shaking up corporate management and facilitating the redeployment of corporate assets. The increasing demand to borrow money and raise capital, particularly as a result of the relaxation of credit controls, and consistently over-optimistic forecasts for inflation have been the main other factors. But to present government policy as effectively transferring income from the heavily indebted poor, increasingly dependent on consumer credit, and giving it to the highest income earners with their shares, houses and five-figure building society accounts is misleading. Statistics suggest that low income earners save as high a proportion of their incomes, directly and via pensions, as high income earners and, if anything, borrow a lower proportion of their incomes. Probably the largest group of beneficiaries of the high interest rates and rates of return in the UK of the 1980s have been the manual and semi-skilled workers in their fifties with several thousand pounds savings in a building society account and membership of over-funded pension schemes which are boosting their pay-outs to retire. It is age rather than class or income that marks the big divide between the winners and losers from the booming returns to investors in the 1980s. The gilded generation are those in their fifties. They have already been twice blessed: old enough to recall the excitement of the war but too young to have been called up to fight; young enough to have revelled in the sexual revolution of the 1960s but old enough to have exhausted its - and their - potential before the arrival of AIDS. The typical members of this generation bought their houses, on mortgages in the 1960s - if they were really lucky at a fixed interest rate of about six per cent - and then discovered that the real burden of their debts was reduced to insignificance by the inflation of the 1970s. By the early 1980s, with their children leaving home, the mortgage was paid off and savings were accumulated in preparation for retirement and in time to catch the high interest rates and the boom in stock market and house prices. The biggest losers have been those pensioners whose savings were wiped out by inflation in the 1970s, leaving them dependent on state pensions and with few, if any, assets which would have yielded high returns in the 1980s. The other losers are the first-time house buyers in their twenties who are having to take out high interest mortgages to buy property at inflated prices. The soundest advice that they can be given on their personal financial planning is to be nice to their parents, particularly if they are from the gilded generation.

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Year 3	£ 62.82	£1132
Year 4	£ 69.57	£1194
Year 5	£ 72.38	£1678
Year 6	£ 77.39	£2086
Year 7	£ 82.77	£2686
Year 8	£100.00	£3827
Year 9	£140.31	£5578
Year 10	£170.52	£5110
Total Net Income Fund	£996.48	

Source FIC/Opel offer to bid basis.

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MARKETS

Crisis of confidence for Milan

THE MILAN bourse, only two years ago the darling of many international fund managers, is today facing a serious identity crisis.

Foreign investors have abandoned the market, domestic unit trusts have been selling for the past nine months as individual savers redeem their certificates and the two biggest corporate share operations - the 1986 placing of Liby's Fiat stock and the 1988 restructuring of Montedison - may have benefited the companies in question, but they have had a disastrous impact on the market.

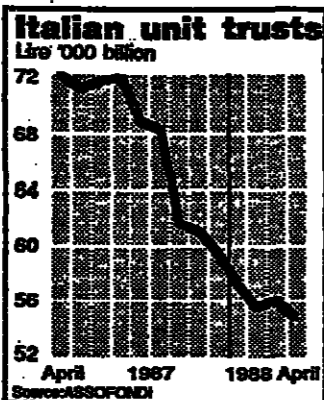
"All of this," says Attilio Ventura, one of Milan's senior stock brokers, "is the fruit of the last few years." What Ventura has in mind is the extraordinary trajectory of share prices which saw the Milan bourse hurtling upwards between 1984 and 1986 as Italy reaped the benefits of industrial restructuring and fast economic growth.

Italy

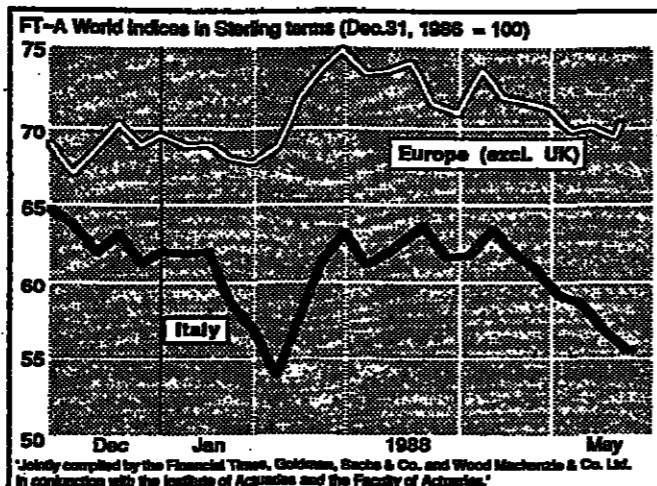
Between January 1984 and May 1986 the Milan share index leapt by 193 per cent. The big boom brought \$m first-time small investors to the market, channelled nearly \$500m of liquidity into unit trusts, attracted numerous foreign players and resulted in unprecedented capital gains, sometimes up to 10 per cent a week.

This Gatsby-like party came crashing to an end, as it was bound to, two years ago this week. Thus the Italian market was faltering long before last October's Black Monday hit the rest of the world. In recent months trading volume has fallen off substantially.

The larger problem, according to many brokers and analysts, is a "cultural" one. "We Italians," laments Alessandro Wagner of



Italian unit trusts Lire '000 billion



FT-A World Index in Sterling terms (Dec 31, 1986 = 100)

the Milan stock exchange, "have a cultural problem. Our market is still based on short-term capital gains. We seem to be incapable of holding on to shares for medium-term returns." Wagner points out that the average yield on Italian equities, despite a few notable exceptions, is still less than 3 per cent.

If on the one hand Italian investors become easily bored with equities unless they can make a fast lira, the other side of the equation is the behaviour of companies and regulators. "Everyone," says Paolo Azzoni of Studio Albertini, "has done a lot to ruin the Milan bourse and its reputation." Azzoni, along with others, says the Fiat-Libya and Montedison-Ferruzzi operations have "damaged us significantly."

The first case was the September 1986 sale of \$300 of Fiat shares held by the Gheddafi regime. The Agnelli family bought \$1m worth and the rest was to be placed as a Euro-equity offering by a consortium led by Deutsche Bank. But the shares were priced at a slight discount to the historic maximum, and as the price fell many shares were left with underwriters, while others trickled back to Milan. The "overhang" remains a problem today, and Fiat's share price is 47 per cent below the 1986 placement price. "That deal," says Attilio Ventura, "may have had a political justification and may have been attractive for the company, but it has had only a negative impact for small investors."

Even more deleterious has been the impact of the controversial restructuring scheme announced at the end of January by Montedison. The operation, which shifts a lucrative financial,

services unit from Montedison to Bani Cardini's Ferruzzi group, has been attacked as riding roughshod over the interests of small shareholders. In February it sent share prices tumbling for a period of two weeks and triggered fears on the part of small shareholders that other big groups could engineer similar asset plays. "Despite the clarifications offered by Ferruzzi," observes Ventura, "the market is still not convinced about the deal."

The Consob stock market regulatory authority, meanwhile, has done little to distinguish itself. Consob's reaction to the Ferruzzi-Montedison controversy was considered too little, too late and the authority's efforts to push for insider trading laws (none now exist) have been characterised by a great deal of rhetoric and not much else. Milan remains, therefore, an insider's market, with much of the current buying being done by companies that are supporting their own shares. And something like 75 per cent of all trading still takes place away from the official bourse.

Brokers and analysts say there is little reason to think that the situation will change rapidly. Some shares are now reasonably cheap on the basis of price-earnings ratios, but this alone is not enough to entice the Italian investor. The Milan bourse, political justification and may mean while, is a shadow of its former self. Drifting, uncertain, lacking in liquidity and still under-regulated, the danger for Milan is that, if things carry on this way, the market could once again become little more than a European sideshow.

Alan Friedman

Wall Street

THANK GOD for Carl Icahn. As the Ghengis Khan of corporate raiders prepares to storm the citadel of the mighty fortress Texaco, the greatest prize in the glorious history of takeover warfare, even his staunchest and most bloodthirsty retainers are starting to lose their nerve.

Texaco's share price languishes 20 per cent below Icahn's \$80 a share bid level, as the lily-livered foot soldiers of the arbitrage brotherhood tremble at poison pills, state anti-takeover laws and protective tax covenants. There are even mutinous whispers about the Great Icahn's mysterious levitational powers. Could it be that the power of his will alone would not suffice to support \$14.5bn of debt financing?

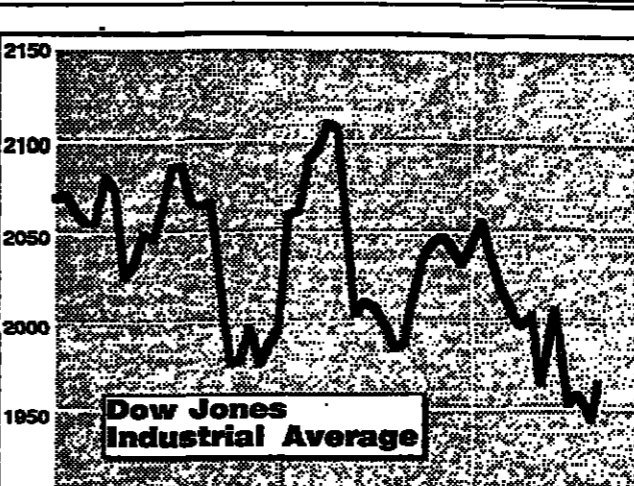
Wall Street

Mr Icahn, of course, is not so easily deterred, which is just as well for brokers and traders on Wall Street, if not, perhaps, for Texaco's employees. Were it not for Mr Icahn's personal campaign against the world's fifth largest oil company, there would have been precious little for anyone to do this week in the stock market except for tax-related churning of a few utilities and high-yielding dividend stocks.

But Icahn's bid for Texaco (which most of the arbitrageurs expect him to withdraw over the weekend, once it is formally rejected by the company's board) has performed a greater service for the investment community than merely staving off the evil day when a few hundred more underworked stock traders are

Table with 3 columns: Country, % change Dec 1987, % change Oct 1987. Rows include Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hong Kong, Ireland, ITALY, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, S Africa, Spain, Sweden, Switzerland, UK, USA.

FT-ACTUARIES WORLD INDICES



Dow Jones Industrial Average

Wall Street

If anyone can storm the fort, Icahn can

put out on the pavements of Wall Street. For the Icahn-Texaco battle could turn into one of the great symbolic milestones in the history of the Bull Market of Our Lifetime.

To see its true significance, let us cast our minds back to another financial epiphany which took place almost exactly a year ago. Today, that event has been almost forgotten, but at the time it seemed a portent of enormous moment. And in the future, when the Bull Market's history comes to be written, it will certainly merit more than a footnote in charting the amazing speculative psychology which finally spent itself in the October crash.

On June 23 last year, it will be remembered, the Dow Jones news service reported that David Herringer, a little-known fund manager from Cincinnati, acting on the instructions of "the prominent Stone and Rustle families" of that Ohio city, had made a bid worth \$7m for the large midwestern retailing chain, Dayton Hudson.

Like Texaco today, Dayton Hudson had long been considered "in play" as a likely takeover candidate and there was thus a speculative premium in the company's share price. Nevertheless, within minutes of Herringer's announcement the company's stock price had jumped by 19 per cent, equivalent to almost \$1m, even though the news agency had disclosed no details about the Stone and Rustle proposal.

least of all the likely source of financing for the \$7m bid. Indeed, responding to a subsequent inquiry from a reporter, Herringer conceded that the financing for his offer was still "very debatable." A few hours later, while Wall Street's analysts and arbitrageurs were still battling with their computers to generate updated estimates of Dayton Hudson's breakup value, the Dow Jones electronic ticker flashed up an even more unexpected follow-up announcement.

Herringer had been taken to Cincinnati's Good Samaritan hospital, suffering from "a nervous condition" and there had been no confirmation from the Stones and Rustles that he had made the bid on their behalf. The reason for this curious lack of support from Herringer's employers emerged later. It turned out that the Stones and Rustles, described as a prominent and wealthy clan not only by the Dow, but also by the many knowledgeable brokers who followed their financial fortunes on Wall Street, did not actually exist - at least not as far as anybody knew in Cincinnati.

The whole episode might then be meaningless, if entertaining, embarrassment, were it not for two mitigating factors. One was the fact that, within 48 hours of the phantom bid, Minnesota passed an anti-takeover law which has successfully protected

Dayton Hudson since then. The Minnesota law helped to set off the chain reaction of state legislation which culminated in the passage of the Delaware anti-takeover statute late last year. Since Delaware is the state of incorporation for more than 50 per cent of America's publicly listed companies, including Texaco, powerful after-effects from the Herringer case are still being felt today.

The second and even more enduring product of the Dayton Hudson affair were the famous last words that Herringer uttered shortly before he was taken to the Good Samaritan. Asked whether his bid had been just a hoax he replied: "I don't know. An offer is really an intangible thing. It's no more of a hoax than anything else."

It was clear enough at the time, but in retrospect, after the events of last October, it is indisputable - these words were the epitaph for the Bull Market of Our Lifetime.

What does this long historical digression have to do with the current state of the stock market, or even with the bid for Texaco from Icahn?

The fact that Texaco's stock, which traded at \$49 1/2 yesterday lunchtime, is worth only 5 per cent more today than it was before Icahn announced his \$80 a share bid speaks volumes both about the state of investor psychology and the uncertain fundamentals in the stockmarket. For Icahn, whatever his faults may be, is certainly not a boxer. And the price he is suggesting for Texaco, whether he actually intends to pay it himself or not, is probably a realistic estimate of the giant oil company's underlying asset value.

What then is the market so sceptical in a bear market, just as in a bull market, things are not always worth what they "ought" to be worth.

All the optimistic earnings projections and asset valuations in the world will not succeed in cheering up investors who are worried about high interest rates or imminent recession, or maybe a knock-out sequence of one blow after the other, just as no amount of cavilling about overvaluation and fundamentals was able to halt the bulls in their tracks last summer.

As the Icahn-Texaco struggle reveals, this is still very much a bear market - and before the market changes course, it is likely to require a full-scale collapse of confidence equal and opposite to the optimistic frenzy of last summer.

Table with 2 columns: Day, 1987, 1988. Rows include Monday, Tuesday, Wednesday, Thursday.

Anatole Kaletsky

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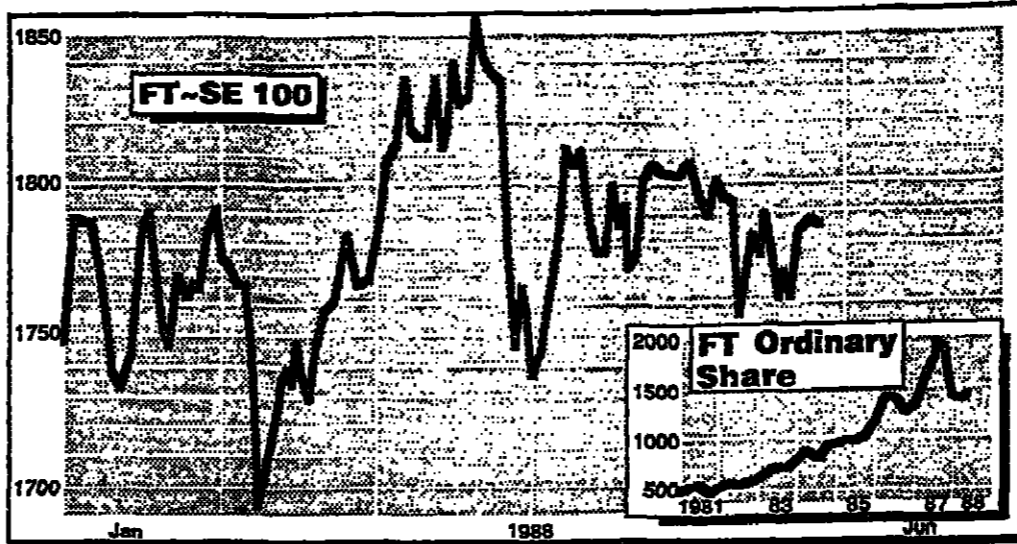
MARKETS

Rowntree will make the Swiss pay

SOME CHOCOLATES in the Quality Street selection may be more to your taste than others, but you have to buy the whole box. With UK companies creating a 'third British empire' through overseas acquisitions, they cannot expect protectionism at home.

Removing the last political barrier against the two-pronged Swiss pursuit of Rowntree, Lord Young braved brickbats from all parties by committing the Government to a consistent line on cross-border takeovers.

The hubbub will rumble on, but the Trade and Industry Secretary's clearance of the bids for Rowntree shifted the battle for the future of the chocolate group back to the market and the negotiating parlours of the City.



FT-SE 100 climbing back through 1,800 but little more. The US, as usual, plays a key role in these calculations. Warburg Securities expresses the problem succinctly: 'US economic news is Catch 22: bad trade figures hit the dollar and the equity market; improving trade figures hit the bond market, because of overheating fears, and the equity market suffers.'

had cost it nearly 2400m so far - with nothing but potential future gains to show for it. After a revaluation of BCal's assets, BA ended up paying 228m for net liabilities of 10m before taking into account integration costs of 290m and a final-quarter loss of 232m. In spite of all this, BA increased its full-year pre-tax profits by 41 per cent to 228m - an operating result higher than any other airline in the world.

might have failed but defensive talents of a different sort now come into play. If Rowntree's days of independence are numbered, as even some of its employee-shareholders appear ready to concede, the main question becomes: at what price?

Clay Harris

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company, Value of bid, Market value, Price per share, and other financial metrics.

*All cash offers. **Cash alternative. †Partial bid. ‡Offer subject to approval by shareholders. §Based on 2.30 pm prices 27/5/88. ¶Nominal of amount which may be raised. ††1 share = 10 shares. †††1 share = 100 shares. ††††1 share = 1000 shares. †††††1 share = 10000 shares. ††††††1 share = 100000 shares.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Dividend, and other financial metrics.

INTERIM STATEMENTS

Table with columns: Company, Month, Pre-tax profit, Dividend, and other financial metrics.

RIGHTS ISSUES

Amer is to raise £33m via a six-for-five rights issue of convertible preference shares at 100p. Kwik Fit is to raise £34m via a one-for-four rights issue at 110p.

RESULTS DUE

Table with columns: Company, Announcement date, Dividend, and other financial metrics.

The very essence of USM success

SO, WAS IT worth it? Those endless months of preparation, the hefty charges incurred for the services of a fleet of professional advisers, the countless hours of management time away from the proper business of the company? And all for a USM quote? The verdict is not unambiguous.

HIGHLIGHTS OF THE WEEK

Table with columns: FT Ord. Index, Change on week, 1988 High, 1988 Low, and Takeover activity.

one; how useful, or not, their professional advisers had been; the pros and cons of being on the USM; and the ingredients of their success.

Junior Markets

whom - to hand over the reins plainly torments many a founder/ chief executive and one finding will give little cheer to those who are loath to go. After breaking down the 141 companies into highly successful, successful and less successful, based on performance over the past two years, it emerged that 23 per cent of chief executives of successful companies were recruited from outside the family or company, compared with only 9 per cent of less-successful companies. Interestingly, one-fifth of companies have changed their chief executive since flotation.

Perhaps they would have saved themselves trouble had they made a switch in the run-up to the float. Almost all - 92 per cent - of the respondents undertook preparatory changes although only 12 per cent made major management adjustments.

Some 62 per cent saw the USM route as a way to gain enhanced status - although, clearly, they were disappointed if they were the same 61 per cent referred to earlier as lamenting the public scrutiny and media interest that came with a quote.

Fiona Thompson

Storehouse set to disappoint

NEXT WEEK, shortened by Monday's bank holiday, will be a relatively quiet one for company results, but considerable City attention will be focused on the figures due from Sir Terence Conran's STOREHOUSE.



Sir Terence Conran of Storehouse

Although Storehouse looks as though it has solved those difficulties, lower sales volume at the British Home Stores chain probably will have taken its toll on the figures. Analysts hope John will offer some consolation with a positive statement of future plans.

Results Due

should show through in the interim next week of MEGP. The second largest of the property investment and development groups, MEGP has an overseas exposure that Land Securities lacks. Notwithstanding that, the interim is expected to indicate that the group is on track for a 20 per cent increase in full-year pre-tax profits to around £100m.

ation - which was completed ahead of schedule in February - was being carried out. Thursday's group pre-tax profits for the year to March should come out at 240m, of which about £20m will be seven months of Babcock and about 25m Stone International, the railway airers conditional manufacturer bought in June.

Looking ahead to the present year, however, analysts are forecasting Babcock pre-tax profits of around 280m - about double what they would have gone for if it had remained independent.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Quoted rate, Compounded return, Frequency, Tax, Amount invested, and Withdrawals.



Michael Green of Carlton Communications

Analysis are betting that Carlton's full-year results, to be announced on Thursday, will reflect the period when its major rationalisations were completed.

DE LA RUE, the world's largest banknote producer, is expected on Tuesday to announce final pre-tax profits in the range of 250m to 260m, which compares with the 255.6m scored last year.

Handwritten signature or mark at the bottom of the page.

FINANCE & THE FAMILY

Andrew Hill finds the tide has turned for an unglamorous investment

Wave of interest in waterworks

CONNOISSEURS of Monopoly have always regarded the waterworks as a slightly unglamorous investment. In real life, however, they have suddenly become almost as desirable as the board game's Mayfair or Park Lane.

French water suppliers, in particular, have been investing heavily in the UK's 23 statutory water companies, preparing for the planned privatisation of the much-larger water authorities. As a result, the price of ordinary voting stock in the companies has risen to levels that would have seemed ridiculous less than a year ago.

At that time, ordinary stock in any of the companies could be bought at about £40 per £100 nominal. Last week, Bristol Waterworks Company ordinary stock was changing hands at a record £70 and other companies are pushing £50.

Statutory companies provide the public water supply under agency agreement with the 10 water authorities in England and Wales. Water company stock is traded on the stock market and dealings are reported daily in the Stock Exchange Official List and

every Saturday in the Financial Times. Jeremy Lewis, joint managing director of Seymour Pierce Butterfield - which acts as broker, to all but one of the water companies - says the recent surge of activity has woken up a small army of private shareholders.

"I can remember, not long ago, when we were buying this stock for widows and orphans. It was very largely held by private investors, although some of it found its way into the high-yielding unit trusts," he says.

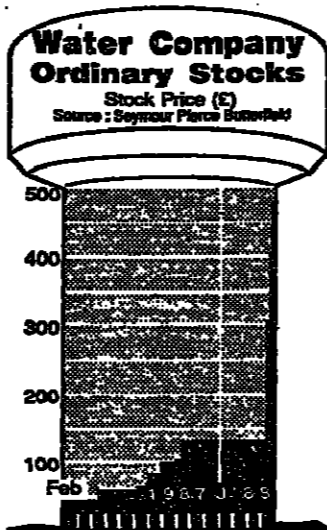
"But recently we have had some investors on the phone to us who really could not believe their luck when they found out how much these stocks were worth. They probably inherited them from Aunt Agatha and thought no more about it until now. In fact, it still costs only a few

thousand pounds to gain the same influence over Bristol Waterworks as Compagnie Generale des Eaux and Lyonnaise des Eaux, rival French water-suppliers who have been competing for Bristol stock.

Together, they hold nearly 54 per cent of the company's stock. But although their nominal stakes are large, Bristol's statutes restrict shareholders to 20 votes each, no matter how big their investment.

Voting restrictions do not apply to all water companies, but there are plenty of other deterrents for speculators. For example:

- Very little stock available.
- Dividends are fixed by statute.
- Any profits, savings from improved efficiency, or surpluses from the sale of unwanted assets have to be passed on to consum-



ers in lower water charges. ■ New stock can be issued - usually through tender offer - without consulting existing holders.

So far, the price of the scarce ordinary stock in all other water companies has been hanging on to the coat-tails of the dozen or so companies which have been the subject of speculation. Lewis believes this will change as companies are considered on their own merits rather than in an undifferentiated mass.

Redeemable preference stock which carries votes has also jumped in price - although investors should keep an eye on the date of redemption if they are waiting for privatisation. However, Lewis warns that this really is a market for professionals willing to pay what is, for them, a comparatively low price for a foothold in the UK water industry.

"All this activity presumes that the companies will gain piecemeal and that there will be no undue hold-ups," he says. "But suppose the legislation faltered? There is still a lot of planning to be done."

The Government is likely to introduce a Bill in the autumn and the first water authority could be privatised a year later. Statutory company shareholders may be given the choice to convert to plc at the same time or a year later.

There is, however, still a risk that shareholders could find themselves locked in the statutory framework. The companies themselves are recommending the statutory model for privatisation, in which the consumer benefits from the waterworks' efficiency and the shareholder continues to receive a fixed payout.

At the moment, it seems unlikely the Government will agree. However, until it indicates how it is going to handle the issue, the private investor in search of more than a regular yield might be better advised to save speculation on the waterworks for Monopoly.

National Mutual rate cut causes a stir

Eric Short on a life company creating ripples in the market

THE NATIONAL Mutual Life Assurance Society, a medium-sized fraternal life company founded in 1880, caused a ripple in the market this week when it revealed that it had cut its 1987 reversionary bonus rates by 20p per cent to £4.90 per cent compounded for endowment assurances, and 25p per cent for pension contracts.

Since the United Kingdom Provident Institution ran into trouble two years ago, there has been speculation about the prospects for other smallish mutual life companies. News that London Life Assurance is jumping into the arms of the much larger Australian Mutual Provident has added to the uncertainty.

Although the life company actuaries have been warning about reversionary bonus cuts being imminent because of falling interest rates, very few life com-

panies actually made cuts this year. Equitable Life being a notable example of those that did.

National Mutual deals solely through independent financial advisers and, as a member of Camifa (Campaign for Independent Financial Advisers), is committed to this method of marketing. Therefore, the company has to ensure intermediaries that it is cutting from strength rather than weakness.

Explaining National Mutual's bonus philosophy, general manager Ken Hazell says that reversionary bonuses will be paid from the investment income earned by the underlying funds. Unrealised capital appreciation will be passed on to policy-holders as terminal bonus when policies mature or become death claims. It will not be used to support the reversionary bonus rate.

More life company actuaries are adopting the view that policy-holders should receive as bonuses what their premiums have earned. Cross-subsidies between different generations of policy-holders should, under this

NATIONAL MUTUAL LIFE			
Accumulated Value on Retirement Annuity Contract - Annual Premium £1,000			
	Vesting	10 years (£)	15 years (£)
July-Dec 1987		31,579	57,226
Jan-June 1988		29,938	64,664
July 1988*		31,865	69,399

way of thinking, be limited. This approach means that bonus rates will be much more volatile and that much more of the return on a with-profit contract will come from the terminal payment.

Thus, National Mutual increased its terminal bonus rates in the second half of 1987 to reflect the pre-October equity boom; cut them in the first half of this year to reflect the October crash; and will, on average, be restoring them in the second half of this year.

The volatility is carried on with reversionary bonuses.

It took the decision some time ago to be a niche player (Hazell prefers his company to be referred to as a specialist) and now concentrates on personal and executive pensions and low-cost endowments for repaying mortgages. It has pruned its product range radically.

Hazell claims that a limited product range does wonders in curbing the cost of administration systems. Both UKP and London Life spent vast sums on getting up-to-date computer systems to cope with a wide range of products. The company's free asset ratio is at a satisfactory 30 per cent and its asset distribution - about one-third in fixed-interest securities - is in line with the industry average. A company in a weak financial position would be switching into fixed-interest stocks.

While this information is reassuring, the adviser will still have to check out the position for himself and the company will need to keep investors up to date about its financial strength. There is a clear need for an independent service, available to intermediaries, that will assess the financial strength of life companies. Unfortunately, there does not appear to be much development in this respect, despite the best advice requirement on advisers.

FT show date for investors

A PERSONAL Investment Exhibition is being held from July 7-9 to mark the FT Centenary. It will be held at the Queen Elizabeth II Conference Centre in Westminster.

Conferences on investing, saving and collecting are main features of the exhibition. On July 8, the morning conference, Capital Protection and Growth, will be opened by Cecil Parkinson, Trade and Industry Secretary. John Forsyth, a director of Morgan Grenfell, will speak on Investment Strategy for a Period of Uncertainty, and Barry Riley, Investment Editor of the FT, will discuss developments in the City. Some FT contributors will also attend the exhibition.

Weekend FT readers may be particularly interested in the How To Spend It afternoon arranged for July 9 by Lucia van der Post in conjunction with Harrods. Looking good - for him and for her - will be the main theme of this event.

All inquiries to FT Conference Organisation, tel 01-925-2823.

Perils of being a marked man

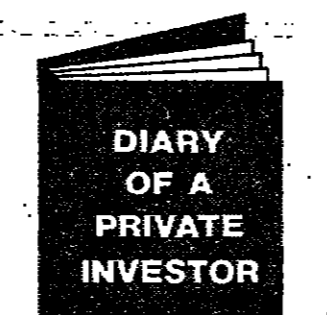
Kevin Goldstein-Jackson celebrates a windfall but warns of the disadvantages of a "marking name"

I HAVE just received £1,523.60 as the proceeds from the sale of an investment I have only recently discovered I owned. I thought I had sold the shares some time ago.

In 1982, via one of my UK stockbrokers, I bought 100 shares in the US company Warner Communications. These shares were held in a "marking name," since this was supposed to ensure that the shares would be easier to sell in the future. The problem with "marking names" is that all company reports and circulars go to the "marking name" and not directly to the investor. I therefore received no communications from Warner Communications and the dividend payments were credited to the "marking name" of the bank concerned, which dealt direct with my stockbroker.

In January 1987, I sold 100 Warner shares thinking that this disposed of my entire investment in that company. My stockbroker shared this view.

Imagine my surprise when the stockbroker wrote to me earlier this month stating, "We are in the process of distributing to clients all those bearer share certificates which we are currently holding. As you know, you have a holding of 100 Warner Commu-



dispose of them, and some institutional investors did not like to buy shares from "a had marking name" (in other words, me) which might have an impact on their selling price. I could still get reports and circulars from the companies "if I really wanted them," but "naturally" there would be "a slight delay" in forwarding these documents.

I persisted. Eventually I received a note from MCA addressed to "Kevin Grieron, c/o Goldstein Jackson" - the US broker's computer had not been able to cope with a name like mine. I therefore had to write to MCA to get the shares properly registered. I have not used the US broker concerned again.

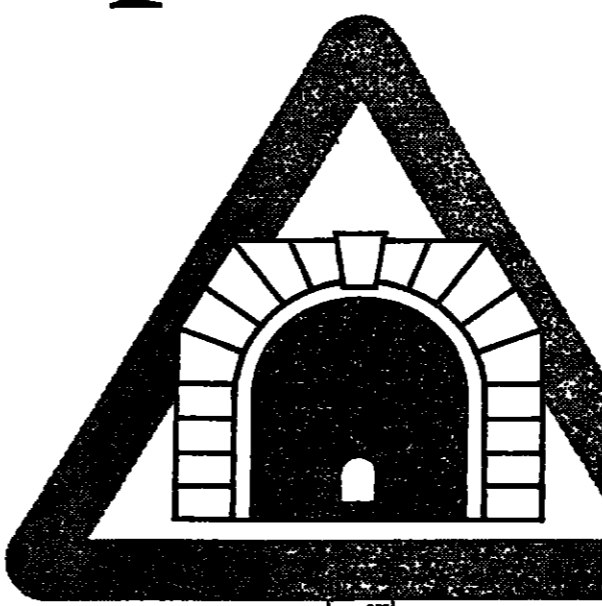
This has been well worthwhile. For example, the Amfac shares in January 1987 cost \$24 each. I bought Amfac shares because the company had reported losses yet owned over 50,000 acres of Hawaii and the Japanese were paying very high prices for land and assets in Hawaii. Either Amfac would be taken over, or it would be taken over.

Every time I thought about selling my Amfac shares I received a quarterly report from the company detailing its return to profits, disposals of certain assets, reorganisation proposals and so on, and so I retained my shares. Amfac is now over US\$45. Holding foreign shares in your own name can create lots of paperwork. For example, in Hong Kong, some shares are sold in fairly small "lots." In January this year, via one of my UK brokers, I bought 14,000 shares in Sing Tao. This involved signing (and having witnessed) seven share transfer forms, each for 2,000 shares. But at least I received the company's April circular relating to the sale of one of its assets at a considerable profit. Sing Tao shares have risen in consequence.

Using "marking names" and bank and stockbroker services designed to "relieve the investor of paperwork" may well suit a large number of people, but surely even they still want to double-check that everything has been properly recorded. How can they do that unless they receive reports and circulars from the companies in which they have invested?

I much prefer to own overseas shares directly. That way there is no delay in receiving information from the companies concerned.

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*Source: Money Management, Feb. 1987 & Feb. 1988.

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Richard Lambert reports on confused gold reports

Either boom or gloom

THE PRICE of gold bullion is either about to collapse, or to double. That, at any rate, is the helpful message coming from a flood of analysts' reports in recent weeks.

A study in the US by Wharton Economic Forecasting Associates concludes bleakly that "investors and portfolio managers should not have long positions in gold at this time." David Fuller, chairman of Chart Analysis in the UK, believes that any one holding a gold bullion investment position has the wrong precious metal: he is much more enthusiastic about platinum.

By contrast, Phillips & Drew suggested this week that both gold and platinum prices "are on the verge of a boom." And the renowned Robert Helberg headed his latest editorial in the New York weekly paper, *Baron's*, with the words "Go for the Gold." He cited, among others, a bullish argument from Goldman Sachs to support the idea that the bullion price was on the way up.

For a market which, in reality, has been indescribably boring over the past couple of years, it all sounds rather dramatic.

The debate comes down to conflicting views about likely levels of supply and demand in the bullion market. The annual bible on this subject, Consolidated Gold Field's report on "Gold 1988," was published this week, giving a clear view of the arguments behind both arguments.

Those who think that the price is vulnerable point first to the rising trend in mining output, which is throwing an increasing volume of bullion into the market. The combined production of the US, Canada and Australia this year will be double the level in 1985 at over 400 tonnes. Mine supply from South Africa fell by 5 per cent last year to 607 tonnes, as a result of a switch to lower grades and industrial unrest, but it is heading up again in 1988.

Meanwhile, Papua-New Guinea is about to join the ranks of the major producers, with three large mines scheduled to open in the next few years.

The development of new mines is an extremely attractive proposition. Average production costs in the western world last year came to \$227 per ounce, compared with average selling prices of nearly \$447. And the growing use of gold-backed loans means that there is no shortage of

attractively priced finance with which to develop new projects.

On the other hand, the demand side looks rather healthy too. The main support for the price over the past year has been in the form of investment interest from the Far East. The Japanese jumped in when their stock market wobbled 12 months ago, and the Taiwanese have been cutting the staff away in buckets.

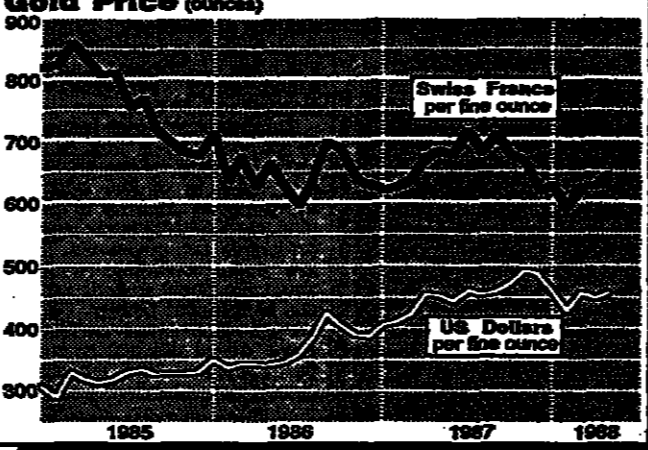
The Taiwan Government has been a substantial buyer, especially over the past six months. Indeed, if these official purchases are taken into account, the Asian market probably swallowed over 250 tonnes of gold in January and February this year, more than the entire western world's mining output over the period. Even so, only a small proportion of Taiwan's immense reserves is now held in gold as opposed to dollars, and there is every sign that it will remain an important source of demand.

The bulls also say that the effect of the gold loans has simply been to put short term pressure on the price. In effect, they claim, the industry has been selling its future output forward on a big scale, and the fact that the price has held up as well as it has

done is a reflection of the strong underlying demand for bullion. Once the mines are in production, the output will be used in the first place to repay the loans, rather than find its way on to the open market.

Phillips and Drew cites broader economic and political themes to support its view. The main worry in the US is no longer about recession, as was the case last autumn, but about inflation. There is much uncertainty about the political outlook, both there and in South Africa.

Rather endearingly, however,



the firm admits that predicting turning points in precious metal prices is about as exact a science as reading tea leaves. Bullion is a subject which attracts strong views, ranging from those who regard it as the only source of economic and even moral value to people who think of it as a barbarous relic, suitable only for lining the floors of public lavatories.

The more moderate view is that, after a prolonged bear market, the bullion price could repay attention over the next 12 months.

Nikki Tait on the advantages of National Savings

Inflation guarantees

THAT OLD bogey, inflation, has come back to haunt the London stockmarket. But while dealers fret about the overheating possibilities - and the potential implications for interest rates - private investors may be looking for opportunities.

First, it is as well to get the current worries into perspective. Eight days ago, the Government unveiled the April inflation figures, showing a year-on-year rise in the retail price index of 2.9 per cent - the highest level for five months.

But while there is a general assumption that inflation rates may have bottomed and some concern about the wage pressure and leading boom in the economy, no-one is suggesting a return to the double digit figures of the seventies and early eighties. The Treasury's forecasts run at 4 per cent for 1988, and most analysts pitch around that figure, give or take half a percentage point. For 1989, most predictions are marginally higher, pushing towards 4.5 per cent.

Nevertheless, headlines are apt to prompt ideas, and private investors' thoughts may have turned towards the various inflation-protected options. Assuming you are reluctant to stuff the mattress with gold bars, two possibilities present themselves.

The simpler is index-linked National Savings certificates. The fourth issue is currently on sale, and guarantees inflation-linking as long as the certificates are held - in short, an investor's money always maintains its real value.

On top of that, however, NS pays certain bonus rates: 8 per cent after year one, 3.25 per cent after year two, 3.5 per cent after year three, 4.5 per cent after year four and 6 per cent after year five. These are not paid out as income, but as additional capital gain when the certificates are cashed in.

These bonus rates work out at an average annual return of 4.94 per cent if the investor holds for a full five years. Suppose, then, that he believes inflation is likely to run at an average annual rate of 4 per cent over this period. In this case, the combined return would amount to 8.94 per cent a year.

The plus point is that this return comes tax-free, and for any taxpayer, whether at 25 or 40 per cent, it must look fairly attractive against current saving rates. The minus point is that anyone who cashes in unexpectedly before the first anniversary

of the investment only gets his money back, with no inflation-linking.

The index-linked gilt route is rather more complicated, and really requires the services of a good stockbroker. Broadly, with index-linked stocks both the redemption payment and the regular interest payments are linked to inflation. There is, however, a complicating lag: each payment (capital and income) is related to the RPI figure published eight months earlier.

And, unlike saving certificates, there are tax implications. Although the predominant capital return is tax-free for private investors, the smaller income element is subject to income tax.

With these points in mind, the best policy is to rely on brokers' calculations. The table takes two of the shorter maturity stocks -

this figure, the investor does better with an index-linked stock; if it falls below the break-even rate he would be better served by a traditional gilt. As the table shows, anyone expecting inflation to average around 4 per cent, should head for the index-linked variety at present.

The choice between index-linked National Savings certificates and index-linked gilts is more difficult since they are different beasts - and the answer probably depends as much on the investor's financial sophistication and the amount of money he is committing as on the fairly marginal difference in the returns offered.

One point to remember is that gilts incur commission charges. Small investors will find that the

Comparative returns on index-linked and low coupon conventional gilts

Index-linked stock	Low coupon stock	Break Even Inflation Rate
Treasury 2 1/2% 1990 Price 121 1/4 Real GRY 2.118 Nom NRY (40%) 1.368	Exchequer 2 1/2% 1990 Price 90 1/2 Nom GRY 6.613 Nom NRY (40%) 5.570	3.94%
Treasury 2% 1992 Price 102 1/2 Real GRY 2.604 Real NRY (40%) 2.607	Treasury 3% 1992 Price 95 1/2 Nom GRY 7.058 Nom NRY (40%) 6.758	3.78%

Source: Greenwell Morgan.

likely to be of most interest to private investors - and compares the returns offered with those on comparable conventional low coupon stocks.

On the index-linked stocks, the key figure is the "real net redemption yield" in these examples, calculated for a 40 per cent taxpayer. This shows the net return the investor will receive over and above pure inflation, assuming he reinvests the stock to its redemption date. In the case of Treasury 2 per cent 1990 stock, for example, he can assume that if inflation averages around 4 per cent over the next three years there would be a net annual return to redemption of around 5.97 per cent. (This is not strictly accurate, but provides a rule of thumb method of calculation.)

Obviously, the investor needs to know whether this is better than the return offered by a comparable conventional gilt. The answer depends on the inflation rate, and the normal procedure is to calculate a "break-even inflation rate." If inflation exceeds

cheapest route is via the post office - thereby buying stocks on the National Savings Stock Register. Here the rate on purchases is £1 for transactions under £250, and then £1 plus 5p for each £125 invested thereafter. The rate on sales is broadly similar. There are currently about a dozen index-linked stocks on the register.

Another consideration is the amount available for investment. The maximum any individual can plough into index-linked saving certificates is £5,000. Gilts obviously carry no such restriction.

The final matter to consider is that although all the talk of inflationary pressures makes index-linked options appear attractive, such a scenario - if it really took hold - could trigger other comparative rate changes (for example, a sea-change in interest rate policy). But pursue that path too far, and you will simply come back to the stock market's head-aches...

Full steam ahead

Vanessa Houlder finds a BES offer which promises entertainment rather than huge profits

The open air site at Bridgnorth where it now does its boiler repairs is so noisy that the local council will soon ban any further work. That means a new boiler shop is essential, at a cost of about £300,000.

The company hopes to raise this and more - with the excess earmarked to reduce debt and make further improvements to the works - by selling 500,000 £1 shares at 21p each.

To qualify for tax relief under the BES scheme a minimum of 500 shares and a maximum of 50,000 may be bought. Otherwise the minimum number of shares is just 25. The prospectus, appropriately enough, is available from The Railway Station, Bewdley, Worcestershire DY12 1BG.

New subscribers will join a list of some 11,000 shareholders, 99 per cent of whom have less than 1000 shares. These shares are dealt in, sporadically, on a matched bargain basis under rule 585.2. The price of these trades through 16 miles of spectacular October's crash they reached a peak of 130p, although early this month some were traded at 50p.

At present, it has a problem.



Flat rate offer

DISCOUNT BROKERS International (UK), launched 18 months ago, is launching a new "commission savings account" whereby private clients who deal regularly in Stock Exchange bargains of £5,500 or more will benefit from a flat commission rate of 0.35 per cent.

The flat rate is subject to a minimum commission of £45, so investors would have to deal in nearly £12,900 to get the full reduction to the 0.35 per cent level - which, DBI chairman Gerard Tronch said this week, is the rate normally reserved for institutional business.

DBI's existing rate structure is 0.25 per cent on the first £7,000, 0.275 per cent on the next £5,000 and 0.25 per cent on the next £115,000, with a minimum commission of £25. For comparison, it notes that the old Stock Exchange fixed rates were 1.55 per cent, 0.55 per cent and 0.5 per cent respectively.

Shareholders in the DBI group include Amro Bank and Jardine Matheson.

Forestry doubts

FORESTRY Investment Management, an Oxfordshire-based company, said this week that changes in Government forestry incentives put the future of the industry in doubt.

Income tax relief has been replaced by planting grants of equal value to all investors. FIM says that to obtain an acceptable yield on new planting, an investor could only pay \$400 per hectare for good quality land, under the previous system, insufficient land was available at £200.

New planting, therefore, is not a viable option, says FIM, but investors should take advantage of historically high returns, currently around 7 per cent in real terms, available on established plantations.

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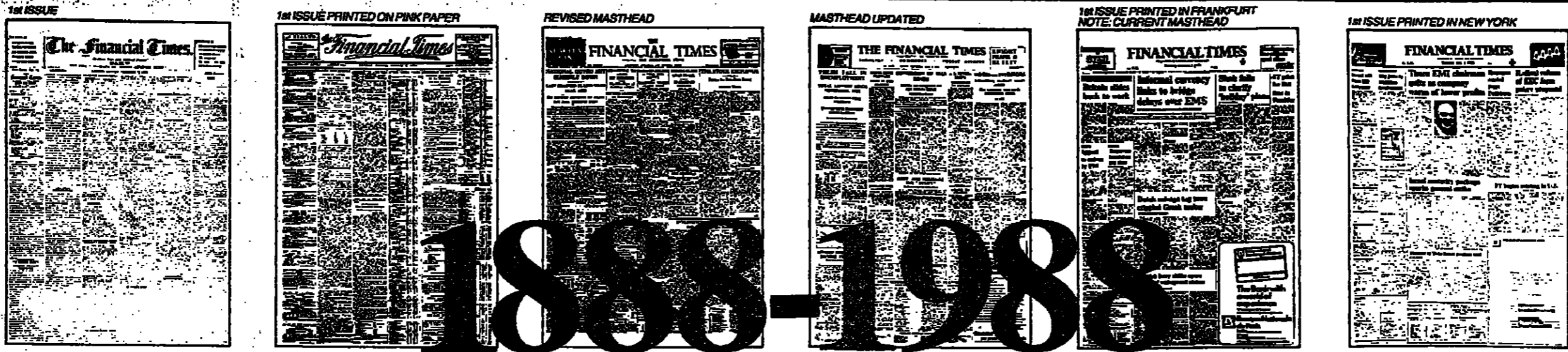
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for you and a guest, a catalogue and the opportunity to visit the FT Centenary Photographic Display and a special show of paintings by the New English Art Club.

Those attending the Exhibition will also be able to register for any of the associated conferences, workshops and events listed below. At **£10.00**, the cost of each is attractively low but numbers are restricted and early booking is essential.

PROGRAMME OF EVENTS

<p>Thursday, 7 July 10.00 - 13.15 OPENING CONFERENCE - CAPITAL PROTECTION AND GROWTH Financial planning for men and women in late career and at retirement. Sir Mark Weinberg Chairman, Allied Dunbar Assurance Deputy Chairman, Securities & Investments Board Gordon Pepper Director & Senior Adviser, Midland Montagu Alan Kelly Partner, Grant Thornton Author, 'Financial Planning for the Individual' John Patterson Director, National Savings Michael Pitch, CBE Former Director, Noble Lowndes Former Chairman, NAPP</p> <p>14.00 - 17.15 PERSONAL FINANCIAL PLANNING AFTER THE 1988 BUDGET An overview of the income and capital changes in the most recent Lawson Budget and suggestions on the financial and investment decisions that follow. Lord Bruce-Gardyne of Kirkcaldy Former Economic Secretary to the Treasury David Stewart Senior Tax Partner, Deloitte Haskins + Sells John Chown J F Chown & Co Hugh Blakeway Webb Tax Partner, Deloitte Haskins + Sells</p> <p>18.00 - 20.30 PERSONAL PENSIONS A subject of immediate importance to men and women in employment as the new pensions regime takes effect in July. An authoritative panel looks at the risks and possible rewards of leaving employer-run schemes. Dryden Gilling-Smith Managing Director, EBS Management Maurice Oldfield Former President, NAPP Group Pensions Executive, Allied Lyons Robert Ashurst Partner, R Watson & Sons An Insurance Company speaker to be announced</p> <p>18.00 - 19.30 INVESTING IN GOLD Should gold play a bigger part in the portfolios of British investors? A distinguished panel will answer the question and discuss how to proceed. Robert Guay Director, N M Rothschild & Sons Julian Baring Gold Specialist, James Capel Anthony Garrett Deputy Master & Comptroller, The Royal Mint</p>	<p>Friday, 8 July 10.00 - 13.15 CAPITAL PROTECTION AND GROWTH FOR DIRECTORS AND SENIOR EXECUTIVES Personal investment strategies for men and women at the top of companies and with businesses of their own. The Rt Hon Cecil Parkinson, MP John Forsyth Director, Morgan Grenfell Barry Riley Investment Editor, Financial Times Tony Vernon-Hartpurt Author, 'Charterhouse Guide to Top Management Remuneration' Dryden Gilling-Smith Managing Director, EBS Management</p> <p>10.00 - 13.15 WORKSHOP FOR EXPATRIATES A special workshop on the requirements of men and women living abroad. Peter Gartland Editor, The Internationalist Priscilla Davis Managing Director, Abbey-National (Overseas) John Crittenden Manager, Expatriate Services, Lloyds Bank Donald Elkin Director, Wilfred T Fry (PFP)</p> <p>14.00 - 17.15 ALTERNATIVE INVESTMENTS An examination of areas of interest to collectors including discussions of market trends by Sotheby's directors, chaired by one of the principal contributors to the BBC Antiques Road Show. Lecturers: Simon Taylor Christopher Payne David Bennett David Battie</p> <p>18.00 - 19.30 SOTHEBY'S WINE TASTING This is a fascinating opportunity to join a tutored tasting of investment quality wines. Numbers are limited and early application is essential. Tutor: David Moyneseux-Berry MW Head of Sotheby's Wine Department Introduced by: Edmund Penning - Rowse FT Wine Correspondent</p> <p>17.00 - 18.30 REVIEWERS' EVENING Offered on a complimentary basis to a limited number of readers, this distinguished panel will be chaired by the FT Literary Editor. Contributors: Tony Curtis Francis King Rachel Billington</p>	<p>Saturday, 9 July 10.00 - 13.00 CAPITAL PROTECTION AND GROWTH FOR THE YOUNGER INVESTOR Designed for men and women planning an investment strategy for the longer term. Richard Lambert Deputy Editor, Financial Times David Battie Director, Sotheby's John Brennan FT Property Correspondent Hugh Llewellyn Bailey Shatkin Speaker on Personal Pensions to be announced</p> <p>14.00 - 17.15 INTRODUCTION TO INVESTMENT The Stock Exchange and its three markets, unit linked investments, high street developments and investor protection are among the subjects to be covered. John Edwards Personal Finance Editor, Financial Times Mark Bolisat Director-General, Building Societies Association Daniel O'Shea Director, M & G Investment Management Author, 'Investing for Beginners' Ian Morrison Group Corporate Affairs Director, Midland Bank Colin Chapman Editor, Financial Adviser Speaker from The Stock Exchange invited</p> <p>14.30 - 17.00 "HOW TO SPEND IT" An afternoon with: Lucia van der Post (with a lot of help from Harrods).</p> <p>11.00 - 12.30 TASTING OF PINK CHAMPAGNE Two tutored tastings of pink champagne with sparkling examples from leading houses. Tutor: Robert Joseph Publishing Editor, 'Wine' Magazine</p> <p>EVENING CRUISE TO GREENWICH AND SYMPHONY CONCERT A limited number of tickets are available, at £20.00 each, for a boat trip from Westminster to Greenwich for a symphony concert by the NCOS Symphony Orchestra with Anne Staiger as soloist and with the German conductor Volker Wespelohsen. Programme: Wagner Overture Rietzi R Strauss Oboe Concerto Soloist: Donovan Rhine Dvorak Song to the Moon and Rusalka Bisect Carmen: Suite and Michael's Arts Granados The Lover and the Nightingale from Goyescas Mussorgsky arr. Ravel Pictures at an Exhibition The National Centre for Orchestral Studies has been favourably reviewed by the FT and the NCOS is moving into its new home in Greenwich Borough Hall. Return transport is provided.</p>
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FINANCE & THE FAMILY

Eric Short on an honest assessment of pension plans

Not so shy on retiring



Gyles Brandreth

under director-general Michael Elton.

The style is that of a question and answer session with TV personality Gyles Brandreth playing the man on the Clapham omnibus and the NAPF supplying the answers.

The book attempts to show the effect on employees of the choices available, making extensive use of block diagrams and flow charts to show how various components link with each other. Anyone with a little intelligence who is prepared to spend some time following the diagrams and reading the text should understand the new system.

Next, the book sets out clearly the choices facing employees and

the self-employed, again using block diagrams to emphasise the various possibilities. The choices are not straightforward and the book takes considerable trouble to cover every option and the implications of each.

Now comes the crunch for employees who are currently in a company scheme or are eligible to join one. Should they opt for the employer's scheme or for a personal pension?

The NAPF book does not come up with the conventional answer - that the company scheme must be best for employees. Instead, it sets out 15 detailed questions that employees should ask of the company scheme. Alongside each question, space is provided for you to write out the answer.

This leads to the key decision-making section, which takes the form of 20 questions that employees should ask of both the company scheme and the personal pension alternative. No attempt is made to cover the Achilles heel of final-salary company schemes - the penalties on changing jobs.

After describing the pros and cons in detail, the conclusion is: "Final salary employer schemes are more suitable for those who do not change jobs frequently. If you do change jobs frequently, money purchase employer schemes and personal pensions are a better bet - your pension rights are not affected."

A personal pension salesman



Michael Elton

would not be so frank in criticising company final salary schemes.

There is space at the end of this section where the employee can summarise and readily compare the answers.

The book warns against the purely mechanical approach to decision making - counting the ticks for and against company schemes, and selecting on the basis of most ticks. It makes the valid point that some questions - such as the value of a pension being maintained against inflation - are more important than others to particular individuals.

Finally, the book contains a list of 20 questions that employees should ask the personal pen-

sions salesman, including questions on the amount of commission received and the amount deducted in charges.

Here, the NAPF falls a little short of its previous high standards. Some of the questions are misleading - estimates of pension and assumptions on investment returns are only given on an official basis by Lauto (the Life Assurance and Unit Trust Regulatory Organisation) and bear no relation to the experience of a particular life company. One question - that on past investment performance - could have some very misleading answers.

The authors of the book would do well to rethink this section. The same applies to one of the final questions - "Should I Discuss My Choice with Anyone?"

The book concludes, quite rightly, that employees should seek independent advice. However, it is very weak on the sources of such advice.

Anyone seeing the TV advertisements from Camifa (Campaign for Independent Financial Advice) could well feel that any financial adviser displaying the Camifa sign would fit the requirements. However, these persons are just one section of those selling personal pensions, not the sort of advice the NAPF has in mind.

Again, this section needs to be expanded to give a full picture. Subject to these shortcomings, the book is the best yet available for employees seeking to sort out their pension choices.

"Future Perfect - How to profit from your pension planning" is published by Robson Books and is available from bookshops priced £2.95.

Independent thoughts

Peter Gardland on potential investment traps for the unwary



Adrian Collins: two points to watch out for

"WHERE can I obtain independent financial advice?"

This question is asked frequently whenever personal finance is discussed. There is no simple answer, but the detailed provisions of the UK's recently enacted financial services legislation go a long way towards creating the kind of retail financial environment in which independent advice is more likely to be trusted.

For British expatriates, independent financial advice remains a service which is patchy in its availability. Take the similar circumstances of Mr A and Mr B. Both are 40-year-old British engineers with a lump sum of £20,000 to invest. Both are seeking long-term capital appreciation rather than income. The only difference is that Mr A lives in Birmingham, while Mr B resides in Saudi Arabia.

Under the provisions of the Financial Services Act Mr A is entitled to receive "best advice" from his financial adviser who, in turn, is under a legal obligation to "know his customer" and put his client's interests first. The adviser must be truly impartial and must not masquerade as being impartial if, in fact, he is the representative of a particular bank, insurance company or fund management group.

rules exist to controls to which they transact business, such rules are unlikely to match the rigours of the UK laws.

There is a number of steps an expatriate can take to reduce the risks of bad advice or, worse still, fraud.

Ask the adviser if he is a member of Fimbra.

If the answer is "yes," don't take his or her word for it. Verify his membership either with Fimbra in London or with the SIB, which now operates a central register of persons who are authorised under the Financial Services Act.

Do not deal with an adviser who is not a member of Fimbra. This does not mean non-Fimbra members are untrustworthy, but you should not take avoidable risks on the source of financial advice.

Having established that your adviser is authorised by Fimbra, be clear at the outset whether he is to receive commission from the fund management group or insurance company with which he might place any business for you, or whether he proposes to charge you a fee. Traditionally, financial advisers have been remunerated by commission although fee-charging is becoming more common now. If the adviser is to be remunerated by commission, don't be shy of asking how his remuneration will vary according to the type of investment he recommends to you.

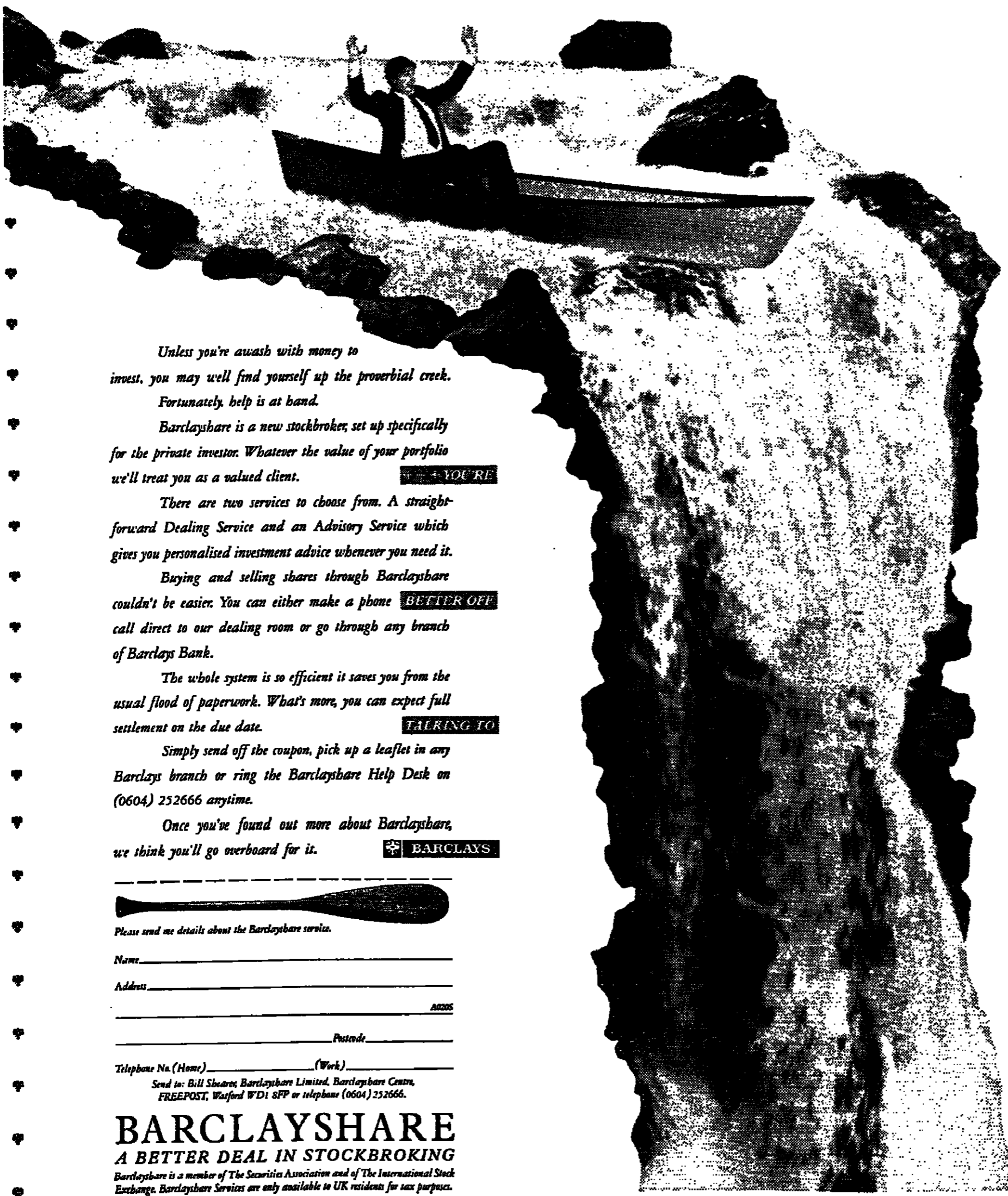
Having got the basics sorted out, you still need to satisfy yourself that your adviser is doing his job properly. Do you feel that he has elicited sufficient information from you regarding your investment aims and time horizons and your level of risk tolerance to enable him to discharge his duty to provide "best advice"?

Ask the adviser why he is making particular recommendations. Does his explanation sound like common sense to you? If it does not, chances are he is trying to bamboozle you rather than offer you "best advice."

There are two other simple safeguards to bear in mind. They were highlighted by Adrian Collins, chief executive of the fund management subsidiary of Royal Trust Company of Canada, in a talk given to British expatriates at the International Money Show held in Marbella earlier this month: always make the cheque for your investment payable to the fund management group rather than the adviser, and never invest in a share which someone attempts to sell you over the telephone.

Peter Gardland is editor of The International, the FT magazine for expatriates.

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CHESS

THE EUROPEAN Options Exchange tournament which ends today in Amsterdam is, in terms of official rankings, the strongest ever held. It brought together world champion Karpov and ex-champion Kasparov for the first time since their last title match, along with Holland's best players Timman (world number three) and van der Wiel.

Right from the start, it became clear that the heavyweights would concentrate their fire on van der Wiel, who lost his first three games. At half-way, Kasparov led by half a point from Karpov after beating him in one of their individual encounters, but hardly in convincing style.

Kasparov sacrificed two pieces in a concept that echoed some of Tal's games late in the 1950s - a gigantic bluff made in the belief that the opponent would be unable to withstand the pressure of constant precise calculation. Even against Karpov, this psychological approach worked.

The former champion defended well before missing what clearly was a winning move. He then became desperately short of time and lost the game on forfeit (while still probably in a drawn position) at move 39, two moves before the control.

Earlier, Kasparov began the tournament with a convincing demonstration of how a grandmaster likes to outplay a slightly weaker opponent. Black's early moves were an uneasy blend of the restrained "hedgehog" formation (pawns at Q3, Q3, Q3 and E3) with hints of aggression (bishop at Q4 rather than K2, castling queenside).

Kasparov took control of the board by a king's side pawn advance, then exploited Black's cramped pieces by a winning sacrifice.

White: G. Kasparov.
Black: J. van der Wiel.
Queen's Indian Defence (Amsterdam 1988).

1 P-Q4, N-K3; 2 P-Q4, P-E3; 3 N-K3, P-Q3; 4 P-Q3, B-E3; 5 Q-E2, B-N2; 6 N-B3, P-B4; 7 P-R4, P-F7; 8 N-F2, B-B4; 9 N-N3, N-B3; 10 B-N3, Q-Q3; 11 Q-O-O, Q-E2; 12 K-N1, Q-O-O; 13 Q-Q2, P-Q3; 14 P-K3, K-N1; 15 B-B4, B-Q2; 16 B-E1, B-Q3; 17 B-E2, K-E2; 18 KR-Q1, B(Q)-Q1; 19 P-N4, N-N1; 20 B-N3, N-E2; 21 P-B4, N(N)-E3; 22 B-B3, B-Q3; 23 B-B4, B-Q2; 24 B-B3, B-Q3; 25 B-B4, B-Q2; 26 N-N5 ch P-N; 27 P-F7, N-N1; 28 N-Q1; 29 N-B, NP-N; 30 R-F7 when P-F7 loses as in the game, Q-R5 fails to Q-R5 ch, and Q-N3 is met by 30 Q-Q2, P-R(Q)-R; 31 B-B2 wins the queen; 31 R-R with the double threat R-N and Q-R4 ch.

PROBLEM No. 724
BLACK (12 MEN)
WHITE (13 MEN)

B. Glucksbey v. M. Najdorf, Warsaw 1935. Most chess players have heard of the brilliant immortal and Ruyggreen games won by Anderssen in 1851-52, but who knows the Polish immortal? Miguel Najdorf, who later emigrated to Argentina and became a world title candidate, won it while still an unknown. This is the position after Najdorf (Black to move) sacrificed a bishop and knight for attack. How should he continue?

Solution Page XXI

Leonard Barden

FINANCE & THE FAMILY

Clay Harris on taking shares rather than cash at dividend time
Back to the scrip alternative



MORE AND MORE British investors are being faced with a choice when companies declare dividends: continuing to collect their pay-outs in cash or using the chance to add to their holdings with no dealing costs?

The scrip alternative - allowing shareholders to elect for shares at market price in lieu of a cash dividend - has become increasingly popular with companies in recent years. Although a few say they have introduced the feature at the request of shareholders, most admit it also brings considerable financial advantages to themselves.

Not only does a company retain cash which otherwise would have been distributed in dividends, it also can delay - or sometimes even reduce permanently - tax payments when shareholders elect to take their dividend in shares.

Although the sum of cash saved usually is small, it still amounts to a "mini rights issue at market price." In the words of Mike Armstrong, finance director of the building products group Marley which is one of the pioneers in reviving the scrip alternative after a decade of neglect.

Groups which have introduced scrip alternatives in recent years include such well-known names as BAT Industries, BTR, Pilkington, Plessey, BOC, Consolidated Gold Fields, Y&N, English China Clay and Hammerman Property.

Most have found strong and growing demand for the share alternative from small investors, apart from a hiccup after the October crash. Last autumn illustrates that there are times when

the share option is not right for anyone; some shareholders may find it never the correct choice. Despite the connotations of the word "scrip," there is no connection with a bonus issue in which all investors receive new shares in a fixed proportion to their holdings. Although bonus issues do not increase a company's value, the implication of "something for nothing" often boosts the share price.

However, shareholders who choose a share alternative are giving up some or all of the cash dividend which is due to them. The share may rise or fall later but, on the day the price is fixed, the cash and the share alternatives are equal in value.

Before declaring a scrip alternative, a company must get the annual approval of its shareholders. Once this is received, companies proceed under guidelines laid down by the Stock Exchange and Inland Revenue.

The basis of the scrip issue is determined by the market price in the week the shares go ex-dividend, usually by the average mid-price over five days. The company divides this figure by the net cash dividend to get the ratio at which the new shares will be issued. Based, for example, on a price of 100p and a dividend of 2p, the investor

not divide evenly into investor's holdings. However, shareholders electing for scrip do not lose out: they will receive the cash dividend payable on the surplus shares. In our hypothetical company, a holder of 125 shares would receive two new shares and 50p in cash.

Scrip dividends always are expressed as value-for-50 in this case, and the base price will also be split out. This enables shareholders to watch the market price over the three full weeks they are given to decide. If the price falls considerably, the cash dividend will gain in attraction. If it rises, more investors will opt for shares.

Although the scrip ratio will not change, the taxman also watches the market price. If the price on the new shares (first day of trading and the available cash dividend) is not "substantially different" (interpreted by the Revenue as a 15 per cent move either way), the cash remains the acquisition price for capital gains tax purposes.

If the share price moves by more than 15 per cent, income tax and capital GCT liability will be based on the first trading price.

It is unlikely that non-taxpayers ever will find it in their interest to elect for scrip, as withheld

tax cannot be reclaimed. Those on the basic rate treat the tax as having been paid and investors on higher rates pay the difference, as they do on receiving cash dividends.

Since most institutional shareholders are looking for income and are not worried especially about dealing costs, they show little interest in scrip dividends. They view the practice with neutrality, although they would fight

any effort to base the scrip on gross, rather than net, dividend. When making a decision, always wait as late as you feel you can trust the Royal Mail because, having elected, it is extremely unlikely you will be allowed to change your mind.

Last autumn, however, several companies, including BTR and Gold Fields, took pity on shareholders caught by the crash and allowed them to withdraw their scrip election.

Investors should also remember that part of the saving in dealing costs may be offset when selling odd lots later.

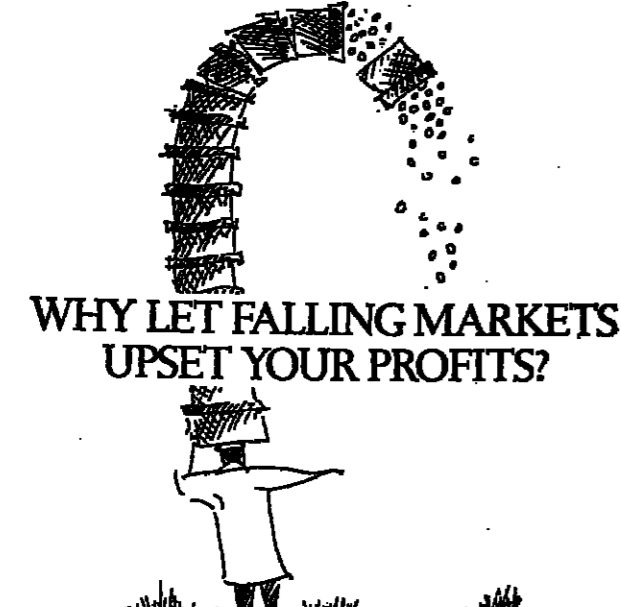
Only one company, the Bermuda-based ADT (formerly the Hawkey Group), is known to put the onus on shareholders to request cash. If they do not, they get shares automatically. Also, and unlike most companies, ADT allows shareholders to wait an extra two months if they insist on cash. Only 30 per cent did at the interim stage last year.

Ironically, one of the few companies to keep a scrip alternative alive during the lean years, attracting a take-up as high as 75 per cent, has now abandoned it.

When Manganese Bronze Holdings, a taxicab and metal products group, began to pay an interim dividend in 1986 after years of confining itself to a single final pay-out, it decided that the additional administrative expense involved in continuing the scrip alternative would not be justified.

Most companies, however, find the marginal expense well worth it. In two years, for example, Gold Fields has saved a total of £27m in cash which otherwise would have been paid in dividends and has avoided - or, at least, postponed - £10.2m in tax payments.

For most companies, the tax advantage involves only deferring payment for a year or more until mainstream corporation tax comes due. But Gold's case, like other companies which sometimes have too little mainstream liability to offset advance corporate tax payments, notes: "We can relieve that unrelieved ACT by not incurring it in the first place."



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FINANCIAL TIMES
SUNDAY & BUSINESS SUPPLEMENT

When a council refuses to act

I have recently converted a property from a house into two self-contained flats in a London borough. I adhered to the planning permission granted and the council's building regulations, and paid the fees required in full as requested.

When previously I have sold flats in the borough in this way, the purchaser would ask me to give him a letter stating that everything was in order. I would get a form letter from the council reading: "I thank you for your letter of... and have to advise you that a final inspection has been carried out at the above property and that there are no outstanding notices pursuant to building control legislation."

This letter, which also assured that the builder had done his job, was forwarded to the purchaser's building society/solicitor.

As of March 1988, however, the same borough is (a) refusing to give this letter and (b) stating

it is "too busy/not enough staff to do the final inspection."

Is there any statutory duty that I can insist on? Also, bearing in mind the payment of planning and building regulation fees, is there a contractual liability that the council owes me?

The council is not obliged to supply a letter of the kind you indicate. If it persists in not doing so, you must get your own surveyor or architect to certify accordingly.

Who pays the tax?

My father, who died in June 1986, bequeathed a one-half share of his freehold property to our mother, with the remaining half to be held in trust for our four children. The residue of the estate was left to our mother.

As one-half of the agreed probate value of the property was in excess of £71,000, a small but

significant amount of inheritance tax has been charged.

I should like to know if the inheritance tax legislation makes it clear who should meet this liability - the beneficiaries (i.e. the four children) or our mother from the residue of the estate?

The inheritance tax payable on the death of your father is partly a charge on the interests in the freehold and partly payable by the executors in respect of the personality. The beneficiaries under the dispositions of the freehold may require the executors to discharge their inheritance tax liability as well, but a request to that effect ought to be made to the executors.

Changing a name

My daughter married a Spaniard and they lived for a time in Spain. They moved to the UK five years ago with one child whose birth was registered in Spain under the father's surname. They are now divorced and my daughter has resumed her maiden surname but the child still bears the name of the father.

My daughter wishes to change the name of the child legally to her own maiden name, which the child already is using for the

purposes of school etc. What should she do?

Your daughter can change both her own and the child's name by a deed poll executed by her alone; but an affidavit giving reasons for the change, and showing that it is for the child's benefit, will be required.

Tied home difficulty

My son aged 33 is an assistant farm manager and his terms of employment require him to occupy a specific house on his employer's estate. He has been in the position of having to take the tenancy of an agricultural dwelling since beginning his career and that position could well continue.

He is concerned to provide for his longer-term future and anxious to acquire a house in his area as a first-time buyer. If he does not do this soon, it seems the cost of a house will be beyond his reach forever. Until such time as he is able to occupy the house as his main residence, would income tax relief be allowed on the mortgage loan interest (Miras)?

Would a building society, on principle, make a loan on a property knowing that the purchaser would not occupy it for several

Ask MP to complain

I have been unemployed since 1989 and am now 55; my wife works and is taxed as a single person.

On April 2, 1987, I delivered to my local tax office details of my wife's earnings and bank and building society interest for the years 1981-87, requesting a refund of tax due to being fully supported by my wife and my personal allowances not taken into account. I requested a reply from my local tax office and wrote to them again on November 30, 1987.

On December 2, 1987, they phoned stating that they had sent my returns to the tax office which had dealt with my tax returns and tax when I last worked in 1980.

On December 2, 1987, my wife wrote to this tax office claiming any excess allowances and she also wrote to her own tax office on the same day claiming any personal allowances, giving my personal insurance number and the address of the tax office who had my returns.

To date, we have had no reply from the tax office concerned. Could you please tell me if my personal allowances are allowable against my wife's earnings as she fully supports me and I am unemployed, being credited only with my stamp.

Also, there is this year's return to make for 87/88. Who would I send it to and can my wife claim my personal allowances?

Yes, your wife's PAYE coding should include both the married man's allowance and the wife's earnings allowance (which is the same as the single person's allowance).

Probably the best way to prod the taxman into action is to write to your MP. He or she might have an opportunity to raise this example of Inland Revenue inefficiency in Parliament. In any event, House of Commons employees attract special attention in tax offices. If you have not read it yet, ask your local tax office for a copy of the Taxpayer's Charter: it is free, and well worth studying.

Ask your local tax office to ensure that a tax return form is sent to you promptly. You can leave it to them to decide which tax office should issue the form. (The House of Commons postcode is SW1A 0AA).

E.P.C. Cotter

Once you have read the rules you may need a little help



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BRIDGE

MY TWO HANDS today come from rubber bridge. See if you can do better than the original designers. Try this first:

W: ♠ 10 9 2, ♥ 7 5, ♦ A Q 10, ♣ K J 7
E: ♠ 8 7 5 4, ♥ 8 7 5 4, ♦ 9 8 6, ♣ A Q 10
S: ♠ 10 9 2, ♥ 7 5, ♦ A Q 10, ♣ K J 7
N: ♠ 8 7 5 4, ♥ 8 7 5 4, ♦ 9 8 6, ♣ A Q 10

With both sides vulnerable, South dealt and opened with one spade, West doubled and North said two no-trumps. This is a conventional bid after an enemy take-out double which says: "I have a good raise to three of your suit - you decide how high we go."

Feeling full value for his one spade, South bid four spades and all passed. West led the King of hearts, on which East dropped the seven. South took and considered the position.

He had a loser in each major suit and, with the diamond ace marked in West's hand, he was likely to lose two tricks in the suit. He would try to steal a trump trick, eliminate the clubs and throw West in with a second spade.

He played the knave of spades, West won, cashed the heart queen and switched to the seven of clubs. Winning in hand, South drew trumps and threw a diamond on dummy's fourth club. But he still had to lose two diamond tricks - one down.

A poor plan. Even if West had held ace and another spade, he would not have been taken in by that feeble deception. The best chance - and that needed plenty of luck - was to play West for a singleton ace of spades as well as three clubs.

Winning the opening lead, he must play three rounds of clubs, then throw West in with a spade. West can cash his queen of hearts, but now he has no good return.

A diamond lead sets up South's king and one of his losing diamonds can be thrown on dummy's fourth club. A heart return concedes a ruff discard and South will lose just one trick in diamonds. The second hand was far easier.

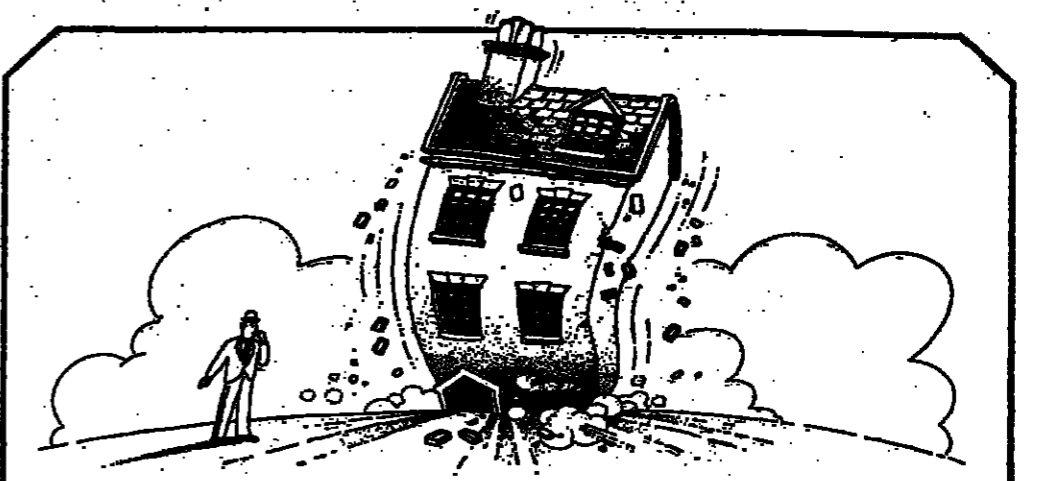
played the nine) and threw his last diamond on the heart queen. West took and led his six of diamonds. South ruffed and cashed with his two of spades. East won and retook club defeated the contract.

The declarer should have got this one right. Instead of covering the diamond 10 with dummy's knave, he should allow the 10 to win.

He takes the next diamond in hand, plays three rounds of spades and ruffs the seven of hearts as before, then crosses to the diamond ace to complete the elimination and throw West in with the queen of hearts, discarding his two of clubs.

Now West really is employed and must concede the 10th trick. A club return runs into the declarer's tenace, a heart lead yields a ruff discard. This allows dummy to ruff while the declarer discards his queen of clubs.

E.P.C. Cotter



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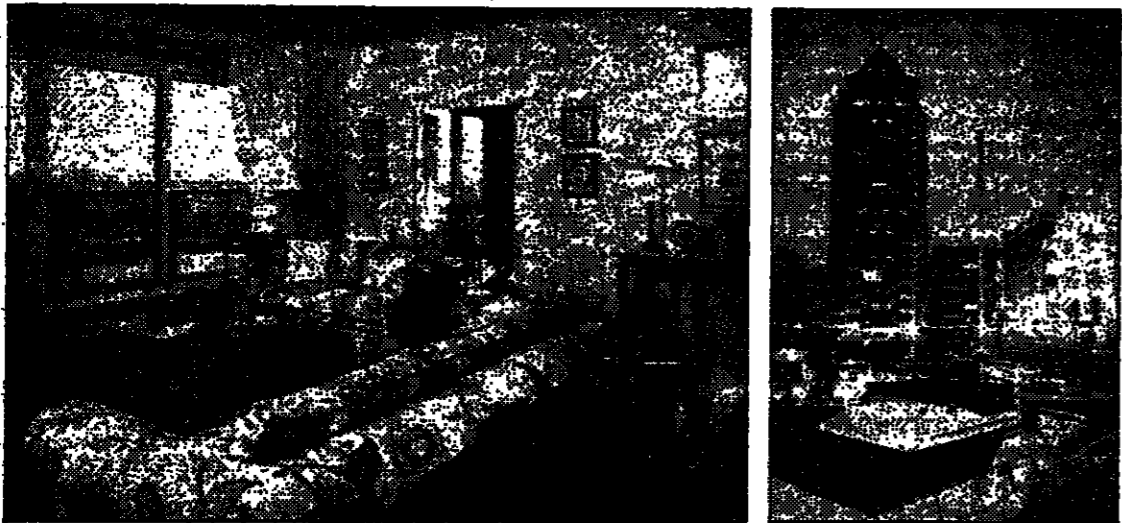
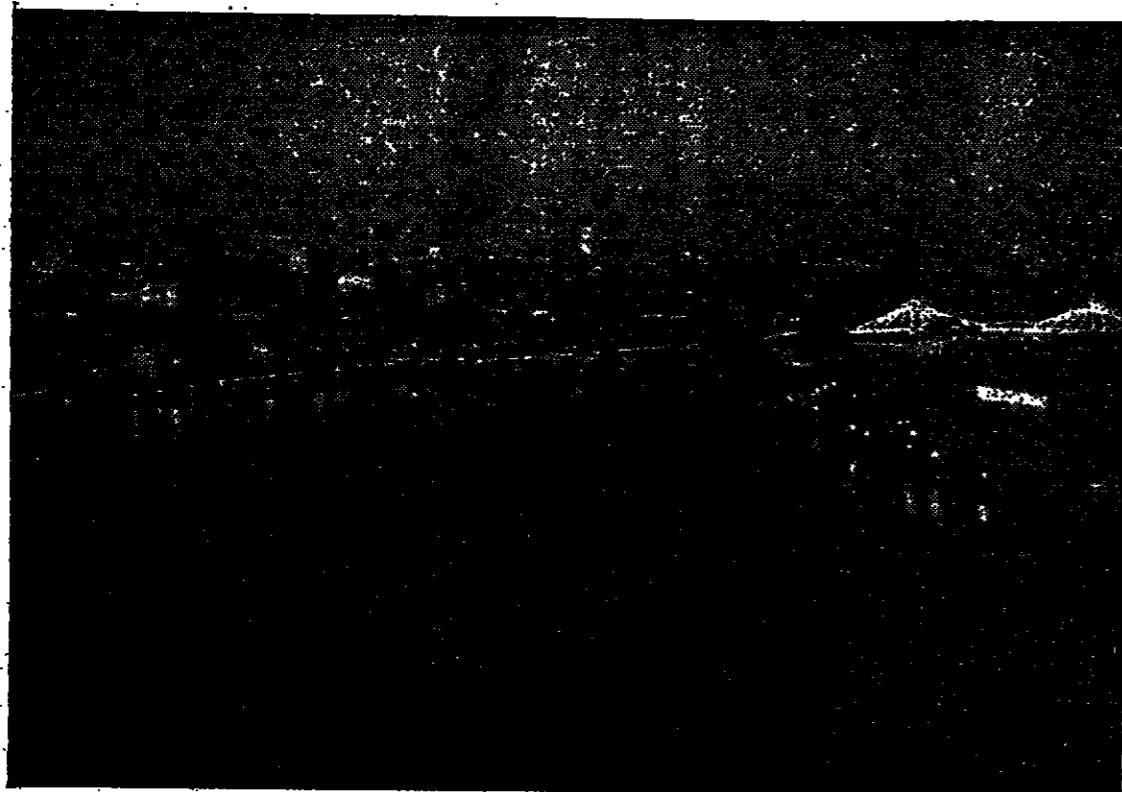
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TRAVEL

OF ALL possible destinations, Tibet must be one of the most romantic. It is certainly the most tragic, for though it is now almost 40 years since the invasion by communist China, the Tibetans still refuse to accept subjugation. As a result, they find themselves faced with the prospect of being a minority in their own land.

This is because of the programmed diaspora of Han Chinese into Tibet, and while it is tempting to say that this represents nothing more than an ineluctable historical process - the digestion of a weak civilisation by its more powerful neighbour - no visitor possessed of the least sensitivity can fail to be moved by the spectacle. Nor should anyone be deceived by the likes of Edward Heath, the former Conservative premier, who says that reports of Chinese oppression are "grossly exaggerated." He is wrong.

In keeping with its reputation of inaccessibility, Tibet remains a difficult place to visit. The difficulties are not solely of a logistical nature but physical, too. The exigencies of travel at high altitude (Lhasa, the capital, stands at over 12,000 ft) should not be underestimated. However, the main problem lies in the attitude of the Chinese. On the one hand, tourists are recognised as an ideal source of hard currency. On the other, as with any other totalitarian regime, xenophobia conditions its approach to tourism.

So much so that the recent uprisings in Lhasa were blamed almost equally on "reactionary splittists" and foreigners. Now that Tibet is open for business once more, there has been a considerable tightening of regulations for tourists.

The main effect of this has been on individual travel. Theoretically, it is no longer possible to enter Tibet, other than on a group visa - though what constitutes a group is not entirely clear. I heard of one which consisted solely of a husband and wife. But such uncertainty only concerns those who seek to enter from mainland China. For those entering from Nepal, as I did, the regulations are clear and inviolable.

Now, visa applications have to be submitted at least one month in advance, accompanied by a non-refundable deposit of \$100 (£55.50). In addition, CITS, the Chinese equivalent of Intourist, has increased costs across the board. Also, the exigencies of travel in Tibet will always discourage the average Cook's tourist.

There was nothing average about the group I travelled with. For a start, among the 14 of us were eight nationalities: one Briton, three French (all Parisians), two Swiss, two Danes, one Australian, three Germans, a very East Coast American woman and, most usefully, a refugee Tibetan travelling on a Nepalese passport.

Such a mixture did not favour the degree of control which the Chinese authorities sought to impose. Every time we stopped, the French refused to have anything to do with the published itinerary. The Germans refused to depart from it. The Swiss (who were French-speaking) formed an alliance with the Parisian contingent. The Danish couple wandered around in a



Potala Palace, former home of the Dalai Lama, in Lhasa

Tibet - a land of tragedy

daze. The Australian (a woman doctor) showed singular independence of mind. The American, with her Tibetan assistant (for he was taken along in that capacity), was always in difficulty with her numerous cameras. And I suppose that I was nowhere to be seen.

This made us all very unpopular with our Tibetan guide, who clearly feared for his job. We were warned repeatedly that our behaviour (ie, our willingness to conform) would determine the fate of future groups (our visa was numbered 001/88). But this we did not really believe as we knew that preparations to receive subsequent groups had already been finalised.

The only means of travelling to Tibet from Nepal is by road. There is, however, a plan to inaugurate a twice-weekly air service between Kathmandu and Lhasa. Should this ever get off the ground, which is somewhat doubtful, it might become possible to drive out and return by air. This would in many ways be preferable to covering the same route twice.

But to fly both ways would be a mistake. For a start, one would only see Lhasa, which is today more Han Chinese in character than Tibetan. Moreover, there is the altitude factor to consider. By road, the change is at least gradual. By air, it would be instantaneous. The fact that an American died last year from acute altitude

sickness for this very reason (he had flown in from Chengdu) indicates the seriousness of this matter. Even though we went by road, each of us was at least mildly affected and some quite seriously so: one of the French took a spectacular turn as we went over a 17,000 ft pass.

The distance between Kathmandu and Lhasa is almost exactly 1,000 km

other than in Thermos flasks. Occasionally this was found to be dirty. The food everywhere in Tibet is uniformly ghastly. Meat is certainly to be avoided. In fact, it behooves tourists to become vegetarians; but one does not go to Tibet for its cuisine.

Exactly what does motivate people to visit Tibet would be interesting to know. Judging by her frequent genu-

flexions at every holy place we visited, Tibet's esoteric Buddhism was the main draw for one of the Parisian women. The Australian, on the other hand, was on the look-out for what remained of pre-Buddhist shamanism.

Several people (most notably a German who had a video camera) were principally interested in taking photographs. The American woman professed an interest in "anthropology," but this was clearly no more than an excuse for taking photographs. But as far as the Chinese were concerned, what people want to see is the monasteries. These are indeed spectacular, with their dim, butterlamp-lit interiors and row upon row of gilded Buddhas standing in mute benediction. But it is only the pilgrims, of whom there were

Drepung monastery - which once housed more than 7,000 monks, but now has less than 80 - until, sure enough, they found the same thing? How many will pause to wonder why so few of the Potala's thousand rooms are open to view or give the slip to their guides and roam among the labyrinth of raped and desecrated chambers, all emptied now of the Jokhang cathedral? Probably not many.

Unfortunately, to us irreligious Westerners, the idea of theocracy deposed has far less horror for us than monarchy overthrown. The thought of churches laid waste is less terrible than the notion of Bond Street vandalised. Besides, even those tourists inclined towards independence are usually afraid to show it when subject to such a system as the Chinese have created. This is a pity, because when you stop to consider precisely what there is to be frightened about, you realise that there is very little.

After all, the Chinese you meet individually are invariably courteous, even charming. They have an air of civility about them. Furthermore, there is nothing remotely sophisticated about their presence in Tibet: the soldiers, of whom there is an inordinate number, are invariably scrupulously turned out. Most of the transport on the roads is aged and agricultural. The shops, hotels and restaurants are dirty and bare. In fact, it is clear that China is a poor, undeveloped Third World country, struggling to haul itself into the 20th century. This is true of the country as a whole. But this ignores the one thing that the Chinese - perhaps one should say the communists - do better than almost anyone else: namely, engender an atmosphere of consuming paranoia.

In many ways the minor iniquities of Chinese rule are the more telling: the fact that Tibet is on Peking time, for example. At 7pm the sun still burns fiercely half way up the sky. Or the fact that there is no discernible birdlife in the capital. The literature of travel in Tibet prior to the invasion is full of references to birds - especially pigeons. But today there are none: they have all been exterminated.

Tibet is not a happy country. No amount of window-dressing can alter this fact. Furthermore, it is clear that the post-Cultural Revolution "liberalisation" has as its basis China's need for foreign exchange. Little of which will benefit Tibetans. Nor should there be any doubt about where the sympathies of the Tibetan people lie. Everywhere we went they implored us for pictures of their beloved Yishin Norbu: "D'lai Lama. D'lai Lama" they cried. (A young woman burst into tears when I showed her the picture in my guide book, and touched it to her head, then the brow of each of her three children.)

One can only hope that somehow the spirit of the people remains unbroken. To see them now in the holy places of Lhasa and elsewhere, utterly devoted to their religion and culture despite nearly 40 years of bloody repression, does give some cause for hope. So, too, does the changing climate in Peking. In the meantime, it is up to those who visit Tibet to use their eyes and see.

Out of season

Michael Thompson-Noel looks at a guide to low-season travel

BUY WHEN the market's falling, sell when the market's rising. This is such a fundamental law of nature that I am convinced it underpins the formation of great wealth on the mega-hours that pass at the centre of the galaxy.

And what is good for markets is just as good for travel, where the law of contrariness - travel out of season - can yield exceptional bonuses. This truism has been grasped by two perceptive writers, Roger Hicks and Frances Schatz (one of them British, the other American, but now, congenitally, based in California) who have just produced The Out-of-Season Holiday Guide (Christopher Helm, £5.95), which concerns itself with the pleasures and benefits of shoulder and low season travel.

The first part of the guide covers where to look, what to look for and what you get; the second is a guide to out-of-season destinations, covering much of Europe, North America, North Africa, the popular bits of Asia, Australia, New Zealand and the South Seas. The guide is addressed to travellers on both sides of the Atlantic.

As the authors say, there are plenty of good reasons for travelling out of season. It is a lot cheaper than the high season; everywhere is much less crowded, and many places are actually better out of season (the weather is less oppressively hot and the landscape may well be greener). In other words, you can begin to see just why the area became popular in the first place.

Fourthly, the contrast between even tolerable weather abroad and truly awful weather at home can make an out-of-season holiday all the sweeter. Finally, for gentle souls like me, there is the considerable bonus of melancholy. I once spent a week at Bournemouth Beach, in New South Wales, in the unashionable calm of June. I also spent a month in Santa Monica in that unglitzy lull before the Oscars (March). Mostly, plus the first bright week of April). And how I did enjoy them.

Alexander Norman sees the effects of 40 years of repression

(821 miles). This represents a reasonably leisureed four days' driving. Among the overnight stops are Shigatse and Gyantse, Tibet's second and fourth largest cities respectively. En route, the degree of comfort is determined largely by the state of the road (the minibuses supplied by the Chinese are far superior to anything one can expect to find elsewhere in Asia). After severe weather, the roads can deteriorate considerably, being unmetalled from the Nepalese border until the outskirts of Lhasa. During winter, it often becomes impassable. One's comfort after travelling is equally variable. The hotels range from the merely bad, by Western standards, to the absolutely awful. Some have holes in the ground for lavatories and none outside Lhasa has hot water,

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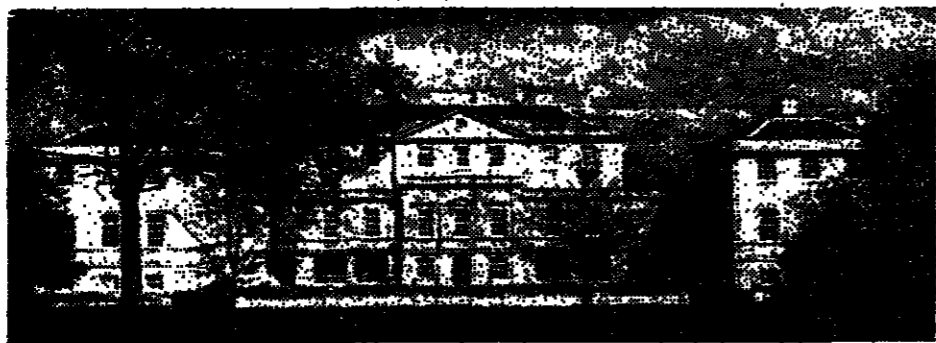
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John Brennan on the changes taking place in a central London district with perennial international appeal
Residents make a comeback in Mayfair

MAYFAIR HAS retained its pole position as the most expensive property on British versions of the Monopoly board for half a century. Yet even this central section of London's West End has been subject to ebbs and flows of fashion since housing started to fill out the land now bordered by Oxford Street and Piccadilly, and stretching east from Park Lane to Regent's Street.



A mews conversion at 12 Rex Place, Mayfair W1, where Harrods Estate Office (01-409 9200) is asking £290,000 for a three-bedroom flat and £275,000 for a flat with two bedrooms, both on 48-year leases.

main home elsewhere, and that a third of those who use the area as a second home come from outside the UK.

All this underlines the impression of Mayfair as an ultra-expensive but no more than part-time residential area, full of properties lying vacant for much of the year. That is reason enough to see Mayfair as most people's house-hunting lists. And yet, as Mayfair estate agent Anthony Lessman says, it is now possible to find cheaper flats in the area than in parts of north Kensington. He is confident enough about a revival of residential demand to have converted the former United Bank of Kuwait office in Davies Street into his new office (01-499 3434).

As for the theory that Mayfair has its share of bargain homes, a two-bedroom flat with two reception rooms on a 90-year lease and selling for £225,000 might not strike the average first-time buyer exactly as cheap, but it does belie the impression that this is millionaire territory exclusively. That particular property is in Shepherd's Market, an area known to attract members of the oldest profession but one which, as Lessman says, "has lots of other things going on and is one of the few places in central London with a real village atmosphere."

There is a similar-sized, long-lease, two-bedroom flat in North Audley Street on his books for £260,000. Other properties include mansions on the full-scale market at 54 South Street, where the asking price is a demanding £2.5m; and 6,000 sq ft of palatial apartment space on the south side of Grosvenor Square where £3m is sought for an 80-year lease.

Lessman adds: "People such as the Saatchis (of advertising agency fame) have moved back into Mayfair and, as prices have risen elsewhere, a lot of people who wouldn't even have thought of looking here are beginning to see that they can live in the centre of the West End and that it's not all offices and hotels."

In her latest summary of the price of properties sold by Savills, Victoria Mitchell, head of the agency's London residential division, gives a guide price of around £220,000 for a good, one-bedroom flat in Mayfair or nearby Belgrave and Knightsbridge. This is 10 per cent up on the 1987 guide price. She would expect an "excellent" two-bed or three-bed apartment or small

moderation, add up to a release of seven houses; 14 flats with independent access; a further four directors' flats stop offices; and six more houses and flats converted from mews properties not affected by the consents.

Applying the same approach to the planning status of the remaining temporary offices suggests that there are unlikely to be many more than 100 extra houses and flats available in Mayfair in the next few years, which puts to rest fears that the local housing market is in any danger of being swamped. In any event, while the queue of would-be Mayfair residents might be shorter than that for the equally-fashionable and less commercially-invaded areas of Belgrave and Knightsbridge, demand is certainly sufficient to absorb any homes likely to emerge from the planning changes.

One of the problems for West-

minster's plan to revive the permanent population, and one of the reservations voiced most commonly by potential home-buyers, is that so many of the remaining residents are just "passing through." The extent of this was revealed in a housing and economic study carried out for the council last year by EA Cambridge Economic Consultants.

They found that "especially in Mayfair... many purchases are for investment purposes rather than owner-occupation." And while it was not possible to quantify the proportion of properties regarded as temporary homes, the consultants concluded that releasing office space for housing is unlikely to help those in housing need or meet mainstream local demand. It is much more likely to go to the short-term international market.

The survey shows that one in 10 of Mayfair's households has a

into the London social season, came to an abrupt end with the First World War. Far fewer of the great houses were drawn into the brief, strained social reprise of the 1920s. By the Thirties, few families had the grand ballrooms and endless warrens of servants' quarters of the larger houses.

The mid-war years saw many of the great houses sub-divided into flats or fading into use by a succession of clubs. The residential exodus during the Second World War resulted in Mayfair properties being drafted into use as temporary homes for a dozen governments in exile, office retreats for companies based out of the City, and temporary bases for a mass of civil and military administration departments.

Permits for around half of this temporary office space expired in 1973 but the area's residential population has continued to decline, falling from more than 300,000 in 1951 to below 200,000 today. The present 1,131 office properties of all sizes mean that just under a third of Mayfair's accommodation remains in residential use. As the balance of the temporary office consents expire in 1990, Westminster City Council's policy is to use the opportunity to return land and buildings to permanent residential use wherever possible.

In practice, the council's approach has been to consider each case on its merits and to negotiate settlements with the major freeholders in the area. This has meant keeping to the central policy of restoring as much permanent residential space as possible, but accepting that a number of the biggest former houses are just too large to be turned back into homes without architecturally disruptive subdivision.

Westminster has also tried to deal with the ending of the consents in a way that causes the least disruption to the commercial tenants of nearly 1m sq ft of space. The council's recent deal with the British Petroleum Pension Scheme, which vies with the Grosvenor Estate as Mayfair's major landlord, helps to show how this policy is being applied.

About half of the properties affected by the consents on BP's estate are to revert to residential use, a selection made on the basis of the buildings' size and suitability for conversion. Smaller, self-contained buildings, and properties where it is possible to have separate residential access to space over commercial accom-

Gradually, building work covered the fields beyond the palace so that, by the time of George I, the area of Mayfair east of New Bond Street had filled with town houses. A further ribbon of development ran along Piccadilly to the edge of Hyde Park and in sight of the tall gates of the new turnpike road to Exeter - today's Knightsbridge.

Much of the street plan of present-day Mayfair was conceived by the time of the Napoleonic wars. But residential development continued, with earlier houses being stretched and expanded, eating up the garden areas hit by bit and adding extra floors to become even larger mansions.

Occupied as town houses in the social season, and often left with a skeleton staff for the rest of the year, nearly as many Mayfair mansions were rented regularly as were owned directly by their periodic occupants in the last years of Victoria's reign and into the high season of the court of Edward VII.

The area's international appeal is not new, either, and at the turn of the century it was (as historian Asa Briggs reports) a common complaint that Park Lane and the vast houses beyond had been "invaded by South African diamonds and gold kings, who were accused by their West End enemies of appropriating it exclusively for their own use."

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46 UPPER GROSVENOR STREET MAYFAIR W1 £625,000 - £750,000

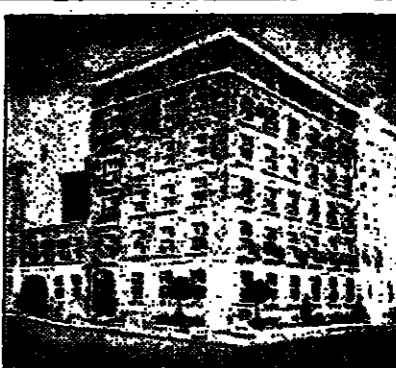
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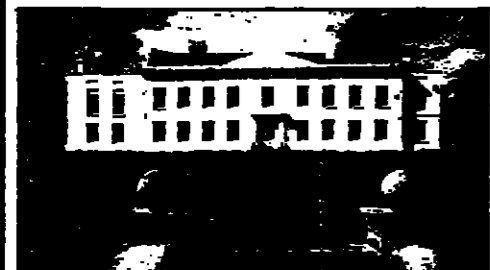
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BOOKS

Robert Blake on the final volume of an outstanding biography of the life of Sir Winston Churchill Twilight years of a political colossus

"NEVER DESPAIR": WINSTON S. CHURCHILL 1945-1965 VOLUME VIII by Martin Gilbert Heinemann £26.00 (uniform edition £30.00), 1,263 pages

"NEVER DESPAIR" is the eighth and final volume of one of the major political biographies of the twentieth century. In scale it surpasses the six volumes of Montgomery and Buckle on Disraeli, the five by Garvin and Julian Amery on Joseph Chamberlain, and easily defeats Morley's three on Gladstone.

The new volume takes the story of Churchill's life from V.E. Day, as it was called, to his death at the age of 90 on January 24 1965. It covers many interesting and important events: the Potsdam Conference, the electoral debacle of 1945, the Fulton speech, the revival of the Conservative Party, the writing of the Second World War history, and two more general elections carry us to page 633.

declined to continue the Coalition till the end of the Japanese war Churchill formally tendered his resignation to the King at noon on May 23 and was duly summoned to Agon to form a new administration - the transient "Care-taker Government."

The result staggered the Communist world. An old lady in Zagreb, according to Sir William Deakin, said: "Poor Mr Churchill, I suppose he will now be shot." Stalin at Potsdam sought from Attlee an explanation of a phenomenon unimaginable in Russia. The Prime Minister cautiously replied that the public distinguished between Churchill as leader of the nation and as leader of the Conservatives.

The election was a heavy blow to Churchill's pride, however well he concealed it. Whether he would have bowed out earlier than 1955, had he been victorious, anyone can guess. But as a Prime Minister who had won an election he was determined to get back. Powerful elements in the party would have welcomed his retirement. His conduct of the election campaign was much criticised. As early as 1947 an influential group urged the Chief Whip to press him to resign.

After his second electoral defeat in 1950 his departure was widely expected. When he took office at the age of nearly 77 in October 1951 there was general surprise. Only Gladstone had accepted the post at an older age, and the premiership in the 1850s was far less laborious. In fact Churchill presided over the most successful post-war Conservative administration until Margaret Thatcher's. He was also the most anti-Socialist leader of his party before the election in 1976.

Other Conservative statesmen were more inclined to be more cautious or more mealy-mouthed, according to one's point of view. Churchill went for his opponents with no holds barred. Socialism, he said in 1945, would inevitably involve "some form of Gestapo, no doubt very humanely directed in the first place."

And in the same speech: "Socialism is in its essence an attack not only upon British enterprise but upon the right of the ordinary man or woman to breathe freely without having a harsh, clumsy, tyrannical hand clapped across their mouths and nostrils. A Free Parliament is odious to the Socialist doctrine."

This sort of talk may have been imprudent but it was undoubtedly sincere. Nor should one underestimate the extent to which Churchill's Cabinet cut public expenditure and swept away controls. True, Thatcher went a good deal further along the road, but even in 1979 she had a much bigger majority than Churchill, who only commanded a minority of the popular vote in 1951, though the vagaries of the English electoral system gave him an overall Parliamentary majority of 17.



between the two super-powers and an end to the Cold War. He believed deeply in personal diplomacy. It became his reason, perhaps excuse, for staying on, but the hope was an illusion, an old man's dream. Anthony Eden had every cause to complain at the endless but ever-postponed promises of retirement. Only Disraeli has been a longer hair apparent to the Conservative throne. At the latest Churchill ought to have resigned after his stroke at the end of June 1953. His defence was that Eden was also ill and might thus have lost the feeling in favour of Rab Butler, but he remained Prime Minister for another 21 months, long after Eden's recovery, though for at least the last six he was palpably not up to the task - a sad twilight to a great career.

A review cannot do justice to the innumerable insights thrown by Gilbert upon the closing years of our time. The author deserves the highest praise for his scholarship, energy, perseverance and perception. Does he feel like Gilbert on finishing *The Decline and Fall*: "I will not dissemble the first feelings of joy on recovery of my freedom, and, perhaps, the establishment of my fame. But my pride was soon humbled, and a sober melancholy was spread over my mind, by the idea that I had taken an everlasting leave of an old and agreeable companion, and that, whatsoever might be the future fate of my History, the life of the historian must be short and precarious." Gilbert has invested much of his life into a great work which has established his fame. But he is not one to rest on his laurels. We must hope that his life will be neither brief nor perilous and that the history of the twentieth century will be even further illuminated by his scholarship and perception.

A bittersweet love story

THE MONUMENT by T. Behrens. Jonathan Cape. £11.95. 285 pages.

GREAT ROMANTIC love is not taken too seriously in our cynical age, which makes it brave of T. Behrens to write an entire book about nothing else. Add to this that the male lover is his younger brother and the venture begins to look like a privately printed volume, written after the tragic death of a beloved relative, to be read by sympathetic family and friends.

Yet Behrens, a professional painter who writes a good direct prose, is convinced that he is telling a story that has relevance beyond the merely personal. His own interest in it has the obsessive quality of someone who is trying to work out the questions raised by another and alien way of life. So he seems to be saying, a life lived entirely in love a justifiable form of existence?

Julian Behrens was a 15-year-old public schoolboy when he met and instantly fell in love with Ursula. She - 10 years his senior - was married to an English art-dealer, but was by birth Hungarian and had escaped in 1936, her passport to England being a volume of T. S. Eliot's poems. She was clever and beautiful - we have to take the beauty on trust since the book has no photographs. She studied at the Courtauld under the patronage of Anthony Blunt and was living a full and social life as partner in her husband's business when she met Julian.

Then all changed for her. The lovers ran away and married. Long before her suicide in her middle forties, their lives had narrowed to each other's company and a routine, supported by Julian's private income, which left her round the world but in particular to their perfect houses in Italy, Greece and the Sudan. Without either children or employment, they recognised no responsibilities except to each other and to a vague concept of enlarging their understanding by reading and a study of art. They aspired to a kind of perfection.

A life that ends in suicide has a peculiar, possibly ghastly, fascination for the outsider. In this case Ursula's suicide was followed a year later by Julian's. He had attempted suicide but, having been resuscitated, deferred his attempt to write a monograph about his beloved, entitled *Styx*.

However their suicides were not the result of a lovers' pact, a desire to reach the nearby gates together. Instead suicide revealed Ursula's sad admission that Julian's love could no longer save her from depression and despair. He could no longer arouse her physically and he could not stop her growing old and ugly. In the week before she killed herself, she sent him away from their home in Sudan and took a lover. All.

All was the chief of police: black-skinned, Arab-featured, according to Behrens, a god-like figure, but without much interest, one may presume, in romantic love. At any rate, this desperate attempt at a cure became the final cause of Ursula's death.

The intimacies of someone else's life make exciting reading. The duller part of the book is Ursula's diaries which, although filtered for the climates, seldom rise above self-indulgent self-analysis and travel notes. Somewhere, one suspects, lurking in Behrens' fraternal act of reverence, is a heartfelt criticism of the women who took a teenage boy, used him for her own purposes and then abandoned him. On the other hand there is also a subtext with a strong flavour of sibling jealousy.

Rachel Billington

An Irish lady of letters

LADY GREGORY'S JOURNALS VOL II edited by Daniel J. Murphy. Colin Smythe. £40.00 748 pages

LADY GREGORY FIFTY YEARS AFTER edited by Anne Saddlemyer and Colin Smythe. Colin Smythe. £27.50. 464 pages

SIR WILLIAM GREGORY OF COOLE: THE BIOGRAPHY OF AN ANGLO-IRISHMAN by Brian Jenkins. Colin Smythe. £28.50. 339 pages

WHO NOW reads or performs Augusta Gregory's *The Rising of the Moon* or *The Love of Desires*? Those who are fond of romantic poetry and the inheritance of the Pre-Raphaelites will continue to read Yeats' early plays, but the *Journeyman* work of the Irish literary renaissance, in which Lady Gregory played so large a part, remains unscanned by the general reader. She herself appears a far less contemporary figure than Yeats or even Synge, far more the representative of a vanished world.

All credit then to the publisher Colin Smythe for undertaking the Coole edition of her works: a series of books that are beautifully edited and produced, putting to shame the scamped paper and bindings of our day. This gives her reputation a fair chance, and these volumes are accordingly a boon to those who are essays and a life of her husband, Sir William Gregory, lucidly recounted by Brian Jenkins.

Through her marriage to this man 30 years older than herself, Lady Gregory was absorbed into a milieu unlike that of her later life. Sir William was a Unionist MP and then Governor of Ceylon. He died after a decade of marriage, during which, like many great ladies, his wife enjoyed a passionate interlude with Wilfrid Scawen Blunt which resulted in a somewhat pedestrian sonnet sequence reprinted in *Lady Gregory Fifty Years After*. Gregory bequeathed to her the much loved Coole Park. After his death she devoted herself to her son, the Abbey Theatre, literature and her friendship with Yeats.

This second volume of the Journals makes rather sad reading. Illness, old age and financial stringency reduced her activity. Her son had been killed in the war. Coole Park was costly to keep up and hard to defend against the assaults of the surrounding villagers, who looked on Irish independence as an occasion for cutting wood or grazing on someone else's land. But her energy was immense. There was the Abbey, of which she remained a trustee, and her own writing. There was the lobbying she undertook to regain the pictures bequeathed by Sir Hugh Lane which, through a

legal slip, ended up in the Tate Gallery instead of in Dublin. A compromise was reached in 1953, which presumably could have been agreed 30 years earlier. Lady Gregory would not have approved it in her patrician way, she was not a woman for half measures.

This volume does not have the sombre and dramatic background of revolt and civil war which imparted tension to its predecessor. Instead, there is the picking up of the pieces cataclysm and the realisation that Anglo-Irish society, with all its culture and its liberal paternalism, was gone for ever. Sympathetic though Lady Gregory was to the new struggling Irish state, the tone is one of nostalgia. She notes that the Bishop of Killaloe is "against libraries because the people have too much independence."

What will remain of her work? In the collection of essays, Lorna D Young claims for her plays an "assured place" in literature. But one wonders how far they can be read except as period pieces. Certainly the set text to interpret Ireland first to the Irish, then to the outside world... but the country she knew is disappearing, and her dramatic writing lacks the poetic preservative of Yeats' early plays.

Yet her versions of the legends of Ireland's heroic age - *Cathleen of Mastranne* and *Gods and Fighting Men* - are still eminently readable, as good in their way as Densett's *Tales from the Norse* or *Burnt Njal*. It is here that her achievement in the recreation of an Irish culture is at its most powerful. She remains part of a romantic movement, which, as in other European countries, sought its content in a rediscovered national myth.

There was something artificial in the attempt, and it is understandable that recent Irish writers have reacted against it; but it was not an ignoble enterprise. As an old woman at Coole, she could look back on success as well as on tragedy and loss. What strikes the reader is the serenity with which she faced both.

Anthony Hartley

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Lord Olivier from A to Y

OLIVIER by Anthony Holden. Weidenfeld and Nicolson. £16.00. 504 pages.

OFFSTAGE AND ON, admits Holden, Lord Olivier's career has been one long disappearing trick. This has not deterred a succession of biographers, unaided by their subject, having a go at tagging at the mask.

The definitive book should have been written by Olivier's most vivacious critic and National Theatre colleague, Kenneth Tynan. But Olivier withdrew his cooperation, telling Gore Vidal that, although he owed Tynan a lot, he did not owe him his life. Holden has been left similarly stranded, hampered by Olivier's own unctuous, caustic and mock penitential memoir *Confessions of an Actor* (1962), and unhelpful, it seems, by the far more interesting *On Acting* (1966) in which Olivier anatomised all his great roles into a tape-recorder.

So what has Holden done? He has simply told the story from A to Z, I suppose it must now be, about Y, as we have already heard in many times, most notably in John Cottrell's 1975 biography, similarly unauthorised. This account is merely shaken and stirred, many passages of it closely followed, even down to

the critical quotations on almost every major performance. But the fruits of more recent labours, notably Anne Edwards' *Vivien Leigh* (1977), Garry O'Connor's account of the fateful year in Australia with Vivien Leigh and the Old Vic company, *Darlings of the Gods* (1981), O'Connor's *Festivals for Olivier's 80th* (1981) last year, the Noel Coward *Diaries* (1982) and, useful for *The Sleeping Prince* movie episode with Marilyn Monroe, Arthur Miller's *Timebends* (1987).

All of these sources are generously acknowledged, though not perhaps the full extent of Holden's reliance on Cottrell. What we have, then, is not a creative work of biography at all, but a thoroughly efficient, reasonably well-written, finally dogged, synthesis of, mostly, readily available written material. New insights and information are thin on the ground, a few little nuggets gleaned from interviews with Richard Attenborough, John Mills and Harry Anderson (the latter allows Holden a look at the *Macbeth* screenplay for which Olivier could never raise the production money - not surprising when you learn that he planned an underwater death for himself, "at least we'll die with harness on our back, gung glue"). The best new (to me) nugget is Sammy Davis Junior's claim on a



Sir Laurence Olivier as the Burton Moulder (Peer Gynt, 1944) with Sir Ralph Richardson as Peer

standard biography. Only the second claim is remotely defensible, in that this book brings the actor's career up to date. Cottrell ends at the filming of *Shelagh*, and Holden carries on through the good and mostly mediocre films of the next decade and the great flowering of television work including the *King Lear*, probably Olivier's only genuinely moving performance (as opposed to outrageously funny or terrifying). The publishers claim in their blurb that the book is as much about the art of acting as it is a

Michael Coveney

Fiction Hit and myth life of Merlin

THE COMING OF THE KING: Being the first part of The Book of Merlin, or Myrddin, from The Yellow Book of Meibod. by Nicolai Tostoy. Bantam Press. £12.95. 606 pages.

IN SPITE of the pace of 20th century living, it is clear that there is a readership that delights in imaginative works constructed on a grand scale. The sales of Tolkien have demonstrated that, and many lesser epics have followed in the wake of *The Lord of the Rings*. Length seems no drawback. Readers with such gargantuan appetites will surely welcome Nicolai Tolstoy's *The Coming of the King*, a substantial volume which claims only to be the first part of a vaster series.

It centers on Merlin, or Myrddin, but you can forget about King Arthur. Tolstoy's history is set later in time than Arthur, in Dark Age Britain, when all that Arthur stood for is again and perhaps finally at risk. The kings of Britain have decided to sink their differences and unite for a crucial battle against the heathen invaders. Much of Tolstoy's tale is about such kings and under-kings, their hostings and ridings, their boasting and battles.

"Thus it was that we set out on our great adventure... It would surely fare ill with the mongrel hosts of Lloegr with this gallant host came up with them, a bright shining array eager to earn their meat-portion gaud in the halls of Gwyddyn Geranhr." This is the aspect of the book that best appeals to me. I cannot suppress a yawn at the detailed movements of the gallant armies, even when "the piece of conflict is soaked in gore, the red flood stagnates far around, and rich blood gushing from steaming veins engulphs the tumbled battle-corpses".

Fortunately, other strands are woven into this martial epic, which I find much more interesting. Most crucially there is Myrddin himself, who is the narrator of the tale, and who often and rewardingly leaves the hosts of Cymry to tell of his own life. He has a rough tongue and a neat sense of humour - and often a horrendous tale to tell, of adventures below or beyond our little world. When he tells of being born a baby covered in fur but able to talk and advise kings and princes and of subsequent adventures when he becomes a herding for 40 years, he is riveting.

Whenever he reverts to his own adventures, or his part in the main war effort, he holds my attention effortlessly. The enemy comprises some worthy foemen: there is the boasting Seowndil, and the savage Aeda with his Hunas, and at one stage we see four horsemen, the fourth of which, on a pale steed, has no name but which is called the Yellow Death. And at different times the enemy is enabled to revive its dead warriors and return them to the battle.

The story does become gripping as a whole, when the last battle looms, with King Maelgwn of Gwynedd hopelessly outnumbered, and the outcome rests on a wounded Myrddin and a crippled Roman tribune with some primitive hand-made war engines. The fortress of Dinethr inspired the Dunkirk Spirit, as the King sits in the midst, performing the rites and playing *gwyddwyll* with Myrddin for enormous stakes.

Isobel Murray

CRIME

SUDDEN DEPARTURES by Jonathan Ross. Constable. £9.95. 174 pages

FOR SOMEONE who has published about two dozen books, Jonathan Ross (a.k.a. John Rossiter) writes remarkably badly. Particles dangle in his prose like candy cones from a Christmas tree, though less appetisingly. On occasion you have to read a sentence twice to figure out what he means. But if Ross is no writer, he is a fine story-teller, and as a former Detective Chief Superintendent, he knows his Subject. This adventure of detec-

tive George Rogers is, like its predecessors, infectiously readable. Syntax is banged.

THE SCENTED MANOR by Julian Symons. Macmillan. \$9.95. 191 pages

LOTS OF fun with a Howard Hughes-like recluse and Sheridan Holmes, the actor and Sherlock Holmes expert, who appeared in an earlier Symons story. The novel skips charmingly about Europe, but concludes appropriately in Castle Baskerville, home of the weirdo millionaire, as irregular a fan of Baker Street as ever existed. Lots of urbane fun. William Weaver

The right way to read Roth

READING PHILIP ROTH edited by Asher Z Milbauer and Donald S Watson. Macmillan. £27.50. 208 pages

THE TITLE of this pricey volume echoes that of Philip Roth's own collection of critical pieces and interviews, *Reading Myself and Others* - an irresistibly articulated explication of the sophisticated narrative strategies used in much of his fiction and altogether the most richly argued of self-justifications that a novelist in English has recently given us.

Roth's fiction (some 16 volumes to date) is itself largely bound up, of course, with writing, fiction-making, literary criticism, the literary life: his characters are frequently novelists or professors of literature; the boundaries between autobiography and fantasy are forever being teasingly redrawn. Anything a professional literary critic might want to say about his work seems likely to have been pre-empted by him and ironized in advance.

Not surprisingly then, it is the contributions from essentially non-professional literary critics - Aaron Appelfeld, Milan Kundera and, in an interview with the book's editors, Roth himself - that give this critical anthology (almost a festschrift, but finally too earnest) its value. Appelfeld's warm but searching little tribute is an attempt by one Jewish writer to define what makes another writer "Jewish". In this case a writer whose characters are "Jews without Judaism", and who consistently antagonises the Jewish community of which he is a part.

Roth in the interview doubts whether he any longer irritates Jews very much ("It was straits - there - that had a lot to do with that conflict. But now that everybody is more confident about the right of Jews to have sexual thoughts and to be known to engage in authorised and unauthorised erotic practices, I think that stuff is over"), and, in forceful comments on such subjects as the mass-media's relentless trivialisation of experience

which, in America at least, has virtually put an end to fiction with a "scrutinising function," fiction as "a serious way of knowing the world."

Milan Kundera, whom Roth as editor of the Penguin series, *Writers from the Other Europe*, first presented to an English readership and with whom he shares many a habit of novelistic mind, contributes the most useful and illuminating chapter: "Some Notes on Roth's *My Life as a Man* and *The Professor of Desire*." The complex novel *My Life as a Man* is convincingly shown in a Kafka-esque light (Tarnopol's yielding to his wife Maureen - "this queen of vulgarity," Kundera calls her - is compared to K's acceptance of the Court's irrational accusation in *The Trial*), and his reflections lead Kundera to the superb conclusion: "Infinitely vulnerable in his sincerity, Roth is infinitely ungraspable in his irony."

For the rest, the essays are very competent, thorough, often Freudian, and somehow dutiful-seeming even while ostensibly enthusiastic: they do not escape, that is to say, the common fate of academic criticism. But the book as a whole is an important gesture of recognition for Roth - the funniest, most serious, most vividly eloquent of contemporary novelists in English; the one, indeed, who perpetuating the best Jamesian traditions of beautiful prose and rigorous structure, most powerfully packs contemporary life into his fiction.

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EVERYBODY agrees that, as a flower show, Chelsea has no equal. Every year there is a chorus of "wonderful" and "lovely," but the chorus, I think, is singing with one eye shut. This year's flowers deserved a song as lovely as any in recent memory and I will return to them next week.

However, the show has left me with an impression of something else. The main tent of flowers is like some respected centre of excellence where the exhibitors show as best they can. Only once have I seen a price tag on a label, and then only for half an hour before a plantswoman reported it to the council. Clustered round the tent of this centre of excellence are the secondary institutions, some of them worth their weight in garden machinery, others catering for tastes that have very little to do with gardening at all.

You may be expecting my annual lament about the awful taste of Chelsea's open-air gardens. This year there were some shockers, mostly from other newspapers, but actually I thought that some were better than usual and that one, the Women's Institute's cottage garden, was charming. What worried me was the realisation that, in the past 10 years, vulgarity has been taking a new direction.

Socially, I had always supposed, taste spreads, if at all, from top to bottom. It works like a system of not-too-tasteful drains. At the bottom sits the unforgivable rubbish, I find it deeply distressing that Number One Stand on Main Avenue, belonging to Marshalls, claims, in its own words, that its best materials are "Britain's most popular range of garden paving and walling."

Bits of this sludge creep into the main tent, usually in public ownership.

When taste gives way to a tide of vulgarity

Robin Lane Fox laments some undesirable aspects of Chelsea's Flower Show

This year, there was a steam engine of bedding plants from Torbay and a racing car under a floral arch from Birmingham. I wish the council would keep them out. I would say that they were a strong argument for the poll tax and privatisation, but another public body, the Royal Parks, did put on an enchanting arrangement of border perennials.

We can live with sludge at the bottom. People ought to grow out of it and eventually, I dare to hope, there will be no demand and its manufacturers will be caught gloriously over-stocked. What worries me is that instead of going down, the sludge is coming up.

Price defies the upper and lower



Charm at Chelsea... the Women's Institute cottage garden

ends of a market, and the expensive end is for the people with the most chance to lay out most money on taste. Other people see it and tend to think that they ought one day to have it, too. To judge from the majority at Chelsea, people will lay out money on a conservatory which is curvy, over-decorated and covered in frills in order to be labelled "Victorian."

They will pay for designer-trellis shaped in hoops or chunky arches. There are baubles on the Versailles tubs, pine cones on the party-walling and elaborate designs for garden seats which may have been "inspired" by some old designer print but which look plain silly in a plain, honest garden.

Even the garden's arches sometimes come with dinky little curving crests.

As for the statuary, it is perhaps not seen best at Chelsea, but I draw the line at terracotta shepherdesses for nearly £500. At Architectural Heritage, you could have bought a big snow-white statue with a fig leaf, labelled "Apollo Belvedere from the late 18th century." Evidently, Apollo spelt his name differently in those Heritage days.

Throughout, there is an air of mis-rendered antiques, traditions that are not traditions and the philosophy, expressed to me by one frank trellis-seller, of calling it Heritage and jacking

up the price to make the public follow it up-market. This lament is directed partly against showing off but rather more against "decorators." Having over-decorated the house, people with money seem to think they score points by over-decorating the garden. They probably read *House and Garden* and I take it as symptomatic that their taste was showing a bias and white garden which, I estimated, "you could have for yourself for about £23,000."

I hope I never spend £28,000 on a garden down each side stood little blue entry boxes with wavy pediments that looked like shelters for decorators waiting to pester you with yet more ideas for new tassels on new pelmets as you walked to the blue-tiled, wavy summer house at the far end.

The antique feel, the Heritage look, the Edwardian sun parlour, we have invented them and dropped our standards in the face of expense and some supposed social distinction. It is much the same in fashion. Dresses that turned up first in had episodes of *Dynasty* now turn up in drawing rooms in garden, fancy panels that were dreamt up first for restaurant patios are now being forced on up-market taste. It has all taken hold in the past 10 years of lop-sided prosperity in which so much money has been thrown at a new social top that it does not know what to do with it.

The crusade for Victorian values has done wonders for pseudo-Victorian taste. No wonder people write as if gardening is the new snobbery. They mean decorating, not gardening. Do please be sure that you really want it before you "go for it" and perhaps we can flush this rubbish out of the system altogether.

Drowned in a deluge of dahlias

They're among the most over-produced plants this century, says Arthur Hellyer

any proposal that the varieties should now be examined by experts with a view to evaluation, followed probably by some thinning down. I daresay it would be possible to amass a collection of 10,000 dahlia varieties, perhaps many more, but without evaluation this would simply be a waste of effort and space. What we want are fewer, not more, dahlia varieties with some assurance that they are worthy of garden space.

That very fastidious gardener, Lionel Fortescue, of Buckland Monochorum, Devon, used to say that garden space was so precious it could be given only to the best. He carried out a tireless search for what he deemed "the best form" of every kind of plant

he grew. His friends called his garden "the FCC" because so many of the plants he grew had received the Royal Horticultural Society's highest award of excellence, the First Class Certificate.

I have never shared Fortescue's views about this entirely, since I love many humble plants that could not possibly aspire even to an award of merit, let alone the elite FCC. But it sometimes requires an extreme point of view to make you realise the more modest conception that should win general approval. There is a lot of plant rubbish around from which unsuspecting gardeners should be protected.

One danger that conservationists must guard against is assuming that everything old must necessarily be worth conserving. Plants deteriorate with age and, inevitably, many must be replaced by new seedlings which, of course, will bear new names. There is nothing wrong about this, it is simply part of the order of life.

Just imagine what would happen if someone started to collect

all the varieties of rose available. People began to raise and name new roses centuries before the dahlia was even discovered, let alone developed as a garden plant, and the pace seems to quicken every year. Several dozen new roses were on view this week at Chelsea and it is a safe bet that most will be unobtainable commercially in 10 years. Even the names of some betray their ephemerality, since they are attached to events or people who will soon lose their topicality.

Roses, like dahlias, deteriorate with age, some more rapidly than others. Some seem to suffer from genetic deterioration. Some fall victims to disease even though they may have proved reasonably resistant during their all-too-short period of trial before introduction. It does not matter very much, since seeds are there to be sown and the seedlings to be evaluated; and among them will be some just as beautiful and as sweet as those of the past.

Even the old roses can still be recreated from seed. There is no reason why anybody with a mind to do so should not raise new tea roses, centifolias, damasks, Chinas, moss roses, or any other of the delights that dominated the gardens of previous centuries. David Austin actually is doing just that although he calls his introductions "English roses" instead of going boldly for the old classifications.

I do not interpret the official Royal National Rose Society classification as forbidding this: it simply leaves untouched the old classes up to the introduction of the hybrid teas late in the 19th century.

Last week I described the new Austin rose, *Financial Times Centenary*, as a Bourbon rose - correctly, I believe, for it has most of the qualities of that handsome 19th century race. Similarly, the ever-popular *Constance Spry*, with deep petalled blooms of ample size, surely is a centifolia or Provence rose although it is never classified as such.

It would be nice to see these old roses rejuvenated with new varieties, and far better than trying to preserve varieties that have deteriorated beyond recovery from age or disease.

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Curtain up on Glyndebourne

GLYNDEBOURNE, even for those who have never trod those famous lawns, is now accepted as an essential part of the English summer social scene. Hard though Glyndebourne itself tries to play down the socially aspiring line and push the notion that the art's the thing, people tend to believe what they want to believe. Today it seems firmly lodged in the collective subconscious as more of a place to see and be seen than a venue for serious opera buff.

My own views are that its singular charm lies in the fact that the truth lies in some hazy middle ground. Some there may be who go for the art and some for the champagne and fun but most go for the magical combination of both. What more beguiling way to spend a fine summer evening than in a little leisurely lolling about with friends, champagne and laughter interspersed with music as fine and exciting as the *Kozya Kabanova* I saw last week? The very real problem, how-

ever, for those of us not on the essential entertaining list of the great and the good, is how to get hold of tickets for these prized events. But at prices ranging from £12.50 (yes, I bet you didn't know there were any as cheap as that) to £80 a time, tickets still go faster than the champagne.

Stories of phalanxes of merchant bankers, stockbrokers and power brokers are greatly exaggerated. On any given night only 31 per cent will be there in their corporate and sponsoring capacities; 54 per cent of the seats are usually filled by some of the 5,000 members of the Glyndebourne Festival Society and their guests. Fully-fledged members are entitled, for an annual fee of £35, to apply for four tickets for each of the six performances put on every year.

However, if you really want to go - keep on trying. This year there are still some seats available for Nigel Osborne's *The Electrification of the Soviet Union* and yes it is more difficult than *La Traviata* but probably also a lot more interesting. Tickets are half the usual price and £22.50 and £30 seats can still be bought.

It is also worth trying for returns. Those able to get to the Glyndebourne box office itself have the best chance but otherwise try ringing from 10 am onwards - 0273-54111.

If you mind much about how you look, Glyndebourne is much less alarming than prejudice has it. Evening dress, says the programme, is "customary but not obligatory". Do not turn down an invitation simply because you don't care for dinner jackets. More frequent attendees than I, like our opera critic Max Loppert, tell me that dressing varies enormously. A glance at Margaret



Molto adagio



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Froth and bubble



Lucia van der Post



Classical repertoire

LOOKING at the matter of male evening dress from the female side of the fence, it seems a doddle. None of those fearful choices, those endless possibilities, that can render women flump with indecision.

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For those who believe in the traditional, classical, understated approach, Dunhill's new evening collection offers the very thing. Here, Peter Tilley of Dunhill explains the thinking behind the new collection.

■ **DINNER JACKETS:** The cloth is a light matt wool (NOT wool and mohair) which, although a lovely weight, tends to become shiny; and grograin (NOT satin, which also becomes shiny) is used on the lapels, buttons and trouser seams. The jacket sketched here has a lapel that widens as it descends. Half double-breasted, it looks good buttoned-up or open and can be worn with or without a waistcoat. It has hand quilting on the inside and the back has no vent.

■ **TROUSERS:** Higher-waisted to cater for the wearer of a waistcoat with a traditional peaked back as well as buttons already in place for braces. There are waist adjusters for

those who prefer not to wear braces and, as with all the best trousers, there is a button fly - no zips.

■ **SHIRT:** This can be classic or wing collared in simple white cotton or silk fabric (never coloured and never two-tone). The wing-collar version should sport a Marsella rib and cuff and be worn with studs. The classic collar version can have simple pleating.

■ **BOW-TIE:** Black, black and only black. Silk or barthes, tied by hand. ("If a gentleman can't tie it himself," says Paul Keen, imperiously, in his dissertation on the subject in *A Gentleman's Wardrobe*, "he trusts a valet, not a manufacturer.") In other words if you can't tie one yourself you'd better learn first.

For a little bit of colour you have only two options - the waistcoat OR cummerbund (worn, please, with the pleats pointing upwards). If in a plain colour, they must be black; otherwise, one or the other could be in a silk Jacquard in a discreet Paisley design. You can always go to town with your braces - Dunhill does them in brilliant red moiré silk.

Available from Dunhill shops from August. Dinner jacket and trousers, £575; dress shirt with wing collar, £70; black silk bow-tie, £24; Paisley silk cummerbund, £45; printed silk waistcoat, £145.

Food for Thought

Transport of delight

ARE A PICNIC in evening dress? You know as well as I that you would feel easier in a sweatshirt, jeans and trainers, but the albatross of Glyndebourne is very powerful and we haven't given up everything for the sake of comfort yet.

But that evening dress is working its way before we even do the shopping. Asparagus, a salmon trout, strawberries... Hold on... Are you really going to be able to take the porcelain, the serving dishes, the silver that this kind of thing demands? Are you, for heaven's sake, going to take furniture? Some people do, and servants to boot - or at least a chauffeur who is prepared to wait at table.

I am an enthusiastic fan of the grandiose picnic: the large table with a white cloth, the palely-glowing gas lamps, the silver and glass and huge pyramids of fruit, the dinner-party under the trees. But while it may be a fine thing in the depths of the New Forest it is a bit assertive, even domineering, at Glyndebourne, where everybody else is having a picnic too and you can't have half an acre to yourselves, because it's somebody else's garden you're doing it in.

Years ago, I catered professionally for a few picnics at Glyndebourne and I always went for the luxury foods: lobster, salmon,



Peter Fort thinks the simple things in life are best for picnics - when at Glyndebourne

salmon trout as it is hoisted out onto a serving dish, but you are all meant to be enjoying yourselves on a cloud of carefree bliss, not panicking about "bringing back" the mayonnaise by furious heading with an inappropriate instrument, and so on.

If everyone in the party is rushing about doing his or her bit, prodding around in plastic bags or searching for the big fork, you will soon develop a great feeling of envy for the people over there by the bush who have brought some sandwiches and a six-pack of lager and who are relaxing in the evening sunshine, perhaps even taking a stroll.

I have, therefore, developed a formula for the perfect Glyndebourne picnic which I am glad to share with readers. No, I never served it in my catering days, because I don't think I could have sold it to my boss, who was the one actually going with his valued friends. But for pleasure this is my recommendation.

You will need a large hamper and a large insulated cold-box of the kind Australians call an Eskie. Shortly before leaving, pack into the hamper (I am assuming you are a party of four):

A black plastic rubbish sack, a large jug, eight nice wine glasses, four silver dessert spoons, four linen table napkins, four tankards (glass, silver, pewter, what you have), a large carton of crème fraîche, fromage blanc, about a kilo of strawberries or raspberries, a small basket of the kind used for serving bread, a handful of green leaves off a handy tree and eight ready-wrapped Chicken Tikka sand-



The quintessential Glyndebourne picnic from "A Season at Glyndebourne" by Ira Nowinski published by Christopher Helm, £25

wiches (from Marks and Spencer, 99p each). Into the Eskie go: Three bottles of cheap champagne, a six-pack of Guinness, a bottle of Sauternes as good as you can afford (but Yquem only if you are a plutocrat).

Get to Glyndebourne early, well before the curtain is due to rise. Having parked, take your hamper and Eskie, plus whatever you fancy in the way of rugs and cushions, find a place near the lake and establish your nest. The string round the necks of the Sauternes and two bottles of champagne and lower them into the water to keep cool. Open the third bottle, get some glasses out of the hamper and have a glass of champagne before the performance (the bar is never open in the afternoon). You have made

no mess at all and can stroll into Act I with a clear conscience.

In the interval return to nest, sit down. Person A hauls in the champagne, opens it and with the Guinness and the jug makes enough Black Velvet for everyone (50-50 is the only way). Person B breaks out the chicken tikka sandwiches. There are two each. Everyone is then able either to sprawl about or (my choice) to get up and mosey around a bit. Most, I am sure, will want to chat. I prefer to go and stare at the sheep. The dinner jacket and tankard in hand lend a feeling of peace and rightness to this rustic pursuit.

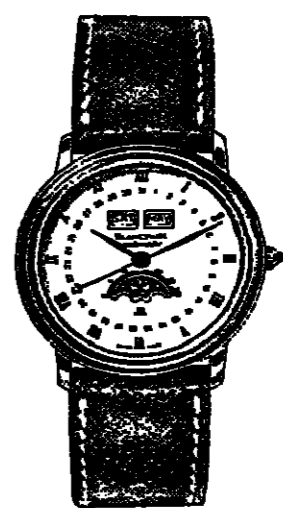
Now you have eaten. Put all the wrapping back in your rubbish sack and the tankards back in the hamper. Someone must now put a large spoonful each of

crime fraîche and fromage blanc on each plate. Line the little basket with the leaves (using your own, don't pick Mr Christie's) and fill with the berries. Open the Sauternes. This is when, like Charles and Sebastian in "Bridehead," you sprawl about enjoying the wine and fruit, dipping the berries in the sour cream and cheese and gazing up at the evening sky through the branches. (Smokers may enjoy an open-air cigarette at this juncture.)

Secure in the knowledge that the tidying-up is absolutely minimal you can sustain the mood until it is time for Act II. Tuck everything away and go in.

A flask of hot coffee to drink in the car park before you drive home is well-nigh essential. A box of chocolates with it is not essential, but will go down well.

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Treasures behind the filing cabinets

ANY PUBLISHING FIRM that has not gone through its archives recently, sorting out the original art work for the illustrations which decorated its books late in Victorian days and subsequently, deserves to be taken over. This was the fate of J.M. Dent, which succumbed to Weidenfeld. A speedy act of the new management was to sell off 1,700 drawings from the Dent archive at Sotheby's last summer.

The results were stunning. Collectors were amazed by the treasures that came pouring out and paid staggering prices for the forgotten water-colours and drawings. As a result, Dent was suddenly richer by £760,613.

Among the highlights were the record £104,500 paid for a single drawing by Aubrey Beardsley, *The Achieving of the Sargreid*, which shows two knights receiving the Holy Grail from a well-draped maiden; and the £20,900 price for a drawing by Jessie M. King, also with an Arthurian theme, *Charles Brock's 24* when they come under the hammer at Sotheby's on June 9 and 10. The Dent archive concludes a four-session auction of illustrated books, children's books and related drawings, the first two of which are next Thursday and Friday, June 2 and 3. It is a saleroom sector that has seen a steady price rise for 20 years.

Michael Heseltine, who heads the department at Sotheby's, gives one example. A copy of Gino Severini's *Planes et Masques*, published in an edition of 125 by Etchells and Macdonald in 1930 with 16 plates by Severini, is on offer next Thursday with a top estimate of £17,500. In 1976, he sold a similar copy from this limited edition for £190. Few illustrated books can show such an appreciation but the trend is consistent.

Anyone who missed out on Charles Brock's *Emma* last year can acquire seven of his illustrations for Thackeray's *Vanity Fair* — part of the Dent trove — for an estimated £400-£500. A large series of 118 ink drawings for Lamb's *Essays of Elia*, also by Charles Brock, are expected

to go for up to £8,000. It is a pity that the lots tend to consist of groups of drawings prepared for a book; this raises the price and makes things hard for the less-affluent buyer when bidding against the dealer.

Many of the artists may be unknown but their illustrations will be familiar to generations of readers, conjuring up images of derring-do in the far corners of the Empire and even more unreal worlds of giants and elves. The output extends to the present day. Contemporary artists are cheap — history has yet to categorise them. Joan Kiddell-Monroe, for example, is on offer in profusion and the complete set of her drawings for *Ogden Nash's Girls are Silly* of 1964 is forecast at around only £500. C. Walter Hodges' 1959 drawings for *Tom Sawyer and Huckleberry Finn* are priced at under £1,000.

There are the obvious favourites. A pencil and water-colour drawing by Sir John Tenniel for *Alice's Adventures in Wonderland*, showing Alice with the White Rabbit, sold in 1986 for £37,400; this reflected the perennial obsession with the book, not least in the US which has absorbed many of the illustrations in the past decade. In contrast, a Tenniel drawing for *Punch* might go for less than £100.

In the same way, an E.H. Shepherd illustration for a Christopher Robin book could cost £4,000 at auction while a large Shepherd drawing for *Punch* will be nearer £300. A Sydney Paget drawing of Sherlock Holmes and Dr Watson sold recently for £3,740 while his depiction of less-celebrated characters can still be acquired for £50.

Beatrix Potter is also much collected. In next week's sale, three pencil drawings relating to the *Peter Rabbit* series, which were never published, are estimated at up to £3,000. There is also a fascinating Alice item: a water-colour which is one of only two Alice drawings by Detmold to have surfaced and probably was intended for an abandoned edition of the classic tale. It carries a top estimate of £17,500.

The highest prices are paid for illustrations in fantasy books where the author and the illustrator have allowed their imaginations to let rip. The fesy water-colour images concocted by Arthur Rackham, Kay Nielsen and Edmund Dulac early in the 20th century have sold for up to £30,000, but many examples are available



One from a set of plates representing the fashion and textile designs of Vienna before the First World War. The set, thought to be unique, will be auctioned at Sotheby's on June 2/3. Estimate: circa £15,000

for much less and ink drawings by these artists can still be bought for under £1,000. A large drawing by Kay Nielsen, *In Powder and Crinoline*, a decorative bedroom scene, is on offer next week at up to £15,000.

There are collectors of themes, of authors, of certain books and of particular artists. Fashion is powerful: cartoonists like Heath Robinson and H.M. Bates

are all the rage at present with good ink drawings selling for up to £4,000; while examples by other humorist artists such as Phil May, E.C. Bentley and George Du Maurier can be acquired for less than £1,000.

There are a growing number of reference books on this beguiling sector of the fine art market but there is still much to be discovered for 1,000 years copied out the writings of ancient Greek authors from generation to generation, were interested more in the grammar than in the meaning. But, in the capital of the eastern Roman Empire, they knew they were the inheritors of a tradition which stretched back to the Athens of Pericles and beyond.

William St Clair visits Istanbul in search of Turkish literary delights and finds some intriguing reminders of a bygone age

Although I was an unannounced stranger, the librarian welcomed me warmly during a recent visit and allowed me to see a few Ottoman manuscripts preserved there. One was a military map of the seaward approaches to Mediterranean ports which matched those produced in Venice and Genoa by Western admirals and captains. Another gave equally practical advice for dealing with the odious of the harem.

Printing came late to Turkey, being feared as a threatening Western influence, and was positively discouraged until the late 18th century. It, to a Western eye, the old one-room libraries appear tiny, it is because they were built at a time when all the books were written expensively by hand.

The centre of the book trade for the whole Ottoman empire was the Book Bazaar. It is still one of the minor delights of the city, standing in its own shaded courtyard near Beyazit Square, an oasis of quiet adjoining the Grand Bazaar alongside. As late as 1900, a British professor of Arabic was able to buy 100 prize Turkish and Arabic manuscripts

picked out from 40 times that number which were offered to him. The books for sale nowadays are mainly new paperback and schoolbooks of little interest to a visitor from abroad. However, if you have a romantic imagination you might hear some interesting ghosts.

Manuscripts were bought and sold there when the city was still the capital of the Roman Empire in the East. The Book Bazaar occupies the site of the book and paper market of Byzantium, and it was probably on this spot that the last substantial fragment of ancient civilisation was handed over to the West and so saved for the modern world. The Byzantine scholars, who

Susan Moore sees an exhibition of royal treasures that marks both an anniversary and a retirement

A glorious swansong

ALL THAT the Queen's Gallery lacks in its latest show are Classical antiquities and privileged connoisseurs to echo Zoffany's bravura conversation piece of the Medic Tribuna in the Uffizi, one of its exhibits. The Buckingham Palace gallery has been transformed into no less dazzling a *wunderkammer*. Its scarlet-lined walls are studded with Old Masters, the like of which are now seen only diluted over several galleries in public museums. At dado level runs a frieze of the finest furniture, bronzes and blue John. The effect is overwhelming.

This creaming of the royal collection celebrates the gallery's first 25 years. It also marks the retirement this summer of Sir Oliver Millar, Surveyor of the Queen's Pictures. The show could not be a more glorious swansong. It is Sir Oliver's choice that we see on the walls (his criterion simply being "the very, very best") and it is his consummate skillful hand. Only gradually does its full subtlety emerge.

Raphael's self-portrait finds a perfect pendant in Giovanni Bellini's portrait of a young man. On the adjoining wall is Cristofano Allori's compelling, autobiographic *Judith with the Head of Holofernes* (the artist painted his cool, harsh mistress as Judith, holding in one hand a sword and in the other the severed head of Holofernes, painted in his own likeness). Below are the marble heads and decapitated torsos of Lorenzo Lotto's portrait of the collector Andrea Orsini.

Complementing Van Dyck's formidable portrait of the languishing Thomas Killigrew and Lord Crofts is Rembrandt's industrious shipbuilder Jan Rijcken and his wife, the images echoed further by the sheets of paper held by the figures. They make perhaps the most penetrating and poignant portrait of all: Van Dyck's triple portrait of Charles I.

Executed as a working tool for Bernini (whose bust of the king was burnt in the fire in the palace of Whitehall in 1698), it possibly was inspired by a Lotto portrait then in the king's collection. Thus, the less-than-chronological display builds up a momentum of visual and historical cross-reference. Furniture and *objets de vertu* also play a part.

A number of paintings have been restored for the exhibition. Most spectacular is the transformation of *de Hooch's Card Players*. The removal of a deadening orange-brown varnish reveals a mastery of light and space, glowing whites, and brilliant touches of crimson and scarlet.

An early Annibale Carracci allegory (somewhat neglected at Hampton Court and, sadly, the only picture in the exhibition difficult to see) has been cleaned and relieved of overpaint. The restoration has revealed rich colour and a great deal of penitence and foreground detail, the most intriguing of which is an implied second head on the figure of Deceit or Calumny.

Most dramatic is the partial uncovering of 17th century censorship on Pieter Bruegel the Elder's *Massacre of the Innocents*. Within 100 years of its painting, almost all the slaughter infants were transformed into innocuous pack-ages, animals and the like, and the biblical references painted over. The massacre in the snow became a more palatable village sacking.

Where the 17th century overpainting had become transparent, the canvas was overpainted earlier this century. That modern work has now been removed allowing parts of the original, with struggling children and corpses, to emerge.

How and when works of art came into the royal collection is not always clear. Nonetheless,

discovering who collected what (or who presented it) is a fascinating underlying theme. The most distinguished of all royal connoisseurs was, without doubt, Charles I, and any selection of royal treasures must inevitably bring to mind what has been lost. (How many of the Old Masters here would still be hanging had his magnificent collection not been dispersed after his death?) Durer's portrait of Burkard von Speyer and Metsys's portrait of Erasmus (now considered the original version) are two that have since been bought back and restored recently.

They hang among the early Renaissance panels collected by Prince Albert and the predominantly Dutch "cabinet" pictures acquired by George IV. What Charles I was to painting, George IV was to the decorative arts. Dominating the gallery is argu-

Chelsea clocks on display, and commissioned the Chelsea service for her brother (it came back to the royal collection in 1947). Her father-in-law, Frederick, Prince of Wales, is responsible for the elaborate rococo silver gilt centrepiece by Paul Crespien, and Nicholas Sprimont's ingenious naturalistic salt. George III partly designed the blue John clock and candelabra made by Matthew Boulton, and had the good sense to acquire Consul Smith's collection, here represented by an exquisite Vertmeest and two Canaletto.

Witness to one of the most influential of all English royal collectors are the pair of large dell ewers that formed part of Queen Mary's 11-room collection. Her passion for blue and white set off what Daniel Defoe called a "china mania" that swept the country late in the 17th century.



Detail from "Lucretia," by Lucas Cranach (1472-1553), on show at the Queen's Gallery exhibition

ably one of the finest pieces of Louis XVI furniture ever made, the Comtesse de Provence's jewel cabinet, produced by J. H. Riesener around 1785.

As a perfect marriage of superb craftsmanship with good design and sculptural originality, it marks the apogee of the French cabinet-maker's art. It was offered to Napoleon in 1809 but he turned it down because it was too old.

It is a telling contrast to Queen Charlotte's jewel cabinet, made by William Vile and William Cobb in 1761. Vile's commission was to design a piece appropriate to the queen's spectacular jewels and to her apartments. He produced an exquisitely veneered and crisply-carved serpentine cabinet. Although more appealing than the French piece, it looks exceedingly modest beside it.

Queen Charlotte also owned the splendid puce-coloured rococo

Virtually every country house in Britain boasts the odd memento of that voguish.

The present Queen generally is credited with owning the finest private art collection in the world, but one suspects that it is also one of the world's least appreciated collections. We see the royal pictures in major exhibitions all over the globe, but how often do we go to see the state apartments at Hampton Court or Windsor?

The Buckingham Palace exhibition gallery was opened in 1962 to make the royal collection more accessible, but it appears to be more familiar to foreign visitors than to the British gallery-goers. Perhaps this superb showing of royal treasures will impress upon the Britons that the royal palaces are no less worth visiting than the National Gallery and the V&A.

• The exhibition continues until early 1989.

Ghosts of Byzantium that haunt a bazaar

THIS YEAR, more visitors are due to go to Turkey than ever before. At the British Museum, crowds have been pressing into the exhibition devoted to Suleiman the Magnificent. If we are not yet emulating our ancestors who filled their houses with Ottoman sofas and turquoise tiles, there is a hint of Turkomania in the air.

Istanbul is a city full of interest for the book-lover. During the centuries of conquest, the Turks had little time or respect for the arts of peace; but as they settled to their imperial role, there was a change.

It was Sultan Mahmud I who hit on the idea of tying the revenues of his new Turkish baths to the upkeep of the library of St Sophia, clean bodies financing clean minds. The city was soon dotted with purpose-built

libraries, several of which remain open to the public in accordance with the terms of their original foundation.

Atif Efendi, near the ancient Byzantine church of St Theodore, is a highly-piggledy structure with its own courtyard. More easily findable for those visiting the area of the Blue Mosque, the elegant little Koprulu library in Divan Yolu was built in 1666 by a family who provided five grand

Habsburg, Feldman

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SUMMER EXHIBITION MORNING NOON & NIGHT The Englishman at Home in Georgian Times - shown in period room settings W. R. HARVEY & CO. 5 Old Bond Street, London W.1 FROM JUNE 1st TO 25th 1988 Daily except Sunday, from 10.00am to 5.30pm ENQUIRIES: 01-489 8385

GRAHAM and OXLEY Member British Antique Dealers Association BOTANICAL DECORATION on ANTIQUE PRINTS and PORCELAIN Monday 23rd May to Saturday 4th June Monday to Friday 10.00 am to 5.30 pm. Saturday 10.00 am to 1.00 pm at 27, BURY STREET, ST JAMES'S, LONDON SW1Y 6AA Telephone: 01-930 1292

WHO LOVES a large hatchback? Not Mercedes-Benz or BMW, neither of which has ever made one, and not VW, which produces its new Passat only as a booted four-door saloon or an estate. Renault, which more or less invented the hatchback body for medium/large sized cars with the R14, dropped it for the R18 and its successor, the E11. Ford must rue the day it decided on a hatchback-only Granada and threw out the former saloon and estate. It will be introducing a booted version of the biggest car as soon as it can.

Saab admits that having its top model, the 9000, as a hatchback without the option of an ordinary boot shut it out of an important executive car market segment and put it at a commercial disadvantage - hence the recent debut of the 9000 T16 SE with a big boot and upmarket specification. Poor quality was the main reason for the disappointing sales performance of the old Rover SD1, but having a hatchback body was no help at all.

So, what is the Rover Group doing by introducing a hatchback version of its excellent 800 series? Rover calls it a fastback but it amounts to exactly the same thing. In effect, Rover is saying that everybody else is out of step; and at the presentation of the 800 fastbacks a few weeks ago, it explained why.

Admitting that the original SD1 five-door design carried unwanted connotations of practicality and functionalism, it said everything had changed. It

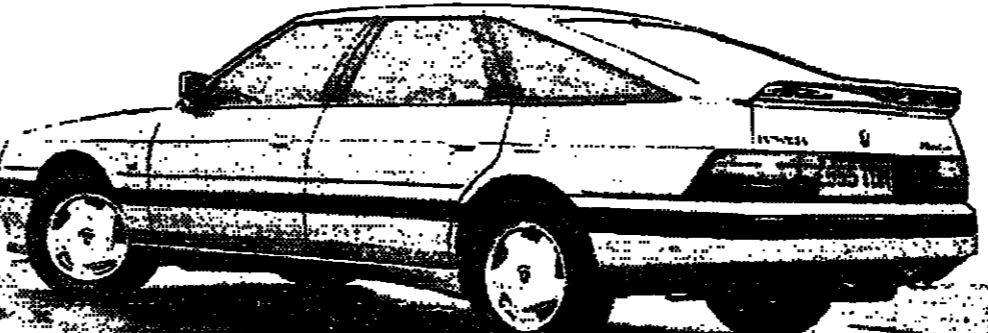
claimed research showed there now was no effective difference in the image of cars with four and five doors, even at the Mercedes and Saab level, and that the five-door sat very comfortably alongside the four-door as an attractive choice for the executive buyer.

According to Rover, the 800 series saloons represented luxury, comfort and elegance in a classic form and attracted well-established users. The fastback had a more dynamic and sporty image and appealed to the up-and-coming user who still wanted a luxurious, comfortable

motor car. We shall see. What intrigues me is that Saab must have come to entirely contrary conclusions when researching the same market segment, and that offering only saloons and estates has done no obvious harm to the likes of BMW, Mercedes and Volvo. But let that pass. Rover could be right, because times change and tastes with them. What is beyond argument is that the 800 fastbacks look good and are equipped well, priced keenly and most agreeable to drive. There are seven of them, ranging from a two-litre entry model

Motoring

Rover sheds its boots



The Rover Vitesse... 2.7 litres of fastback for £19,944

at £11,995 to the 2.7-litre Vitesse at £19,944. Prices are the same as those of their four-door saloon equivalents. At the moment, the carburetted two-litre and Vitesse are available as fastbacks only. Mechanically, they are no different from the saloons with front-wheel drive, five-speed manual or four-speed automatic transmissions, and all-independent suspension. Small changes made for the fastbacks - lowering first and second gear ratios, raising those of the top two gears - have also been incorporated in the saloons.

All have power-assisted steering. Automatic transmission is a 3588 option on the four-cylinder 800 fastbacks, standard equipment on the 8278i, and you can have either five gears or two pedals on the Vitesse for the same price. Most of my driving so far has been in the Vitesse, for which a 140mph (225kmh) top speed and acceleration of 0 to 60mph (0 to 96.5kmh) in 7.6 seconds are claimed. None of that means very much when you are driving on the motorways and minor roads of the West Midlands. What did show up was the Vitesse's mechanical refinement and eagerly responsive handling. Despite its firmer-than-standard suspension and V-rated, ultra-low profile Dunlops, road noise was subdued and the ride comfortable.

Stuart Marshall

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ARTS

The Pitlochry Theatre Festival opened this month. Anthony Curtis reports

Company caught up with comedy

"WHAT PEOPLE want," explained Paul... the marketing manager of the Pitlochry Theatre Festival whose new season has just opened...

This year the summer visitor who stays for six nights will be able to see seven different plays; what is more they will all be comedies...

By the middle of June four of the plays will have opened, and by August 10 when the revival of Daphne Laureola starts, all seven will be on the go...



Roger Kemp, David Kincaid and Dougal Lee in "Pygmalion"

much later. The signs of class alienation on which the comedy rests seem as valid as they ever were.

After too frenetic an opening in the early Covent Garden scenes, Amanda Prior and Dougal Lee (Lisa and Higgins) rose to these grand occasions skilfully, aided by Roger Kemp's suave clubman-type Colonel Pickering...

contrast Philip King's perennial face of the blackout, See How They Run, peaked gloriously on the opening night and seems likely to stay that way...

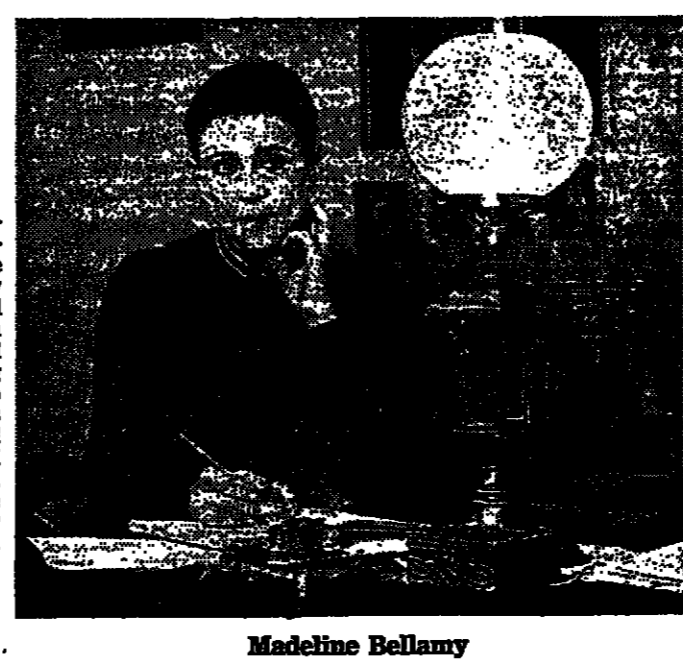
Miss McLean's body-language as she tries to regain control of her legs compares not to her disadvantage with the antics of Norman Wisdom...

Martin Hoyle reviews 'Sofia' at the New End Theatre, Hampstead

Tolstoy a monster to live with

MOST GENIUSES are hard to live with. Wagner was a monster of selfishness, Hingó considered himself a god, and even Jeffrey Archer is said to have his off-days...

entirely recovered the shock of being shown her fiancé's bachelor diaries, with their accounts of youthful debaucheries, at the age of 18...



Madeline Bellamy

THE GROSVENOR HOUSE ANTIQUES FAIR. 9-18 June 1988. Grosvenor House, Park Lane, London W1. 8 June: Charity Preview 7 p.m.-9.30 p.m. Tickets: £60. 9 June: 5 p.m.-8 p.m. Weekends: 11 a.m.-6 p.m. Other days: 11 a.m.-8 p.m. Children under 5 years of age will not be admitted. Admission price inclusive of Handbook: £9. Season ticket: £20. Enquiries: Telephone (0799) 26698.

THE WAYS of singing competitions are mysterious indeed. At the 22nd Richard Tauber Prize finals, promoted as ever by the Anglo-Austrian Music Society and held at the Wigmore Hall on Thursday, one wondered shyly what nearly half of the competitors were doing in the finals at all...

Singing to win. Is the prize for promise or achievement? If the former, then Rebecca De Pont Davies's fruity mezzo (Dellah's "Amour, viens aider") deserves encouragement...

Advertisement for a book or publication, featuring a portrait of a man in a suit. The text is partially obscured but mentions 'The Life of Kathleen Ferrier'.

LAST WEEK, Israel and (still) Australia; this week Radio 4 has turned to Latin America, constructing them to an expert enthusiast, Hugh O'Shaughnessy, on Wednesdays, and repeating a play by Alfredo Dias Gomes on Monday...

The first illustration was of the Argentine singer Macha Guevara. A versatile player, she likes Western musicals, but when Andrew Lloyd-Webber turned her down for Evita, she devised an alternative show, Eva, in the '60s...

Radio 4's Tuesday play, Chopin's Piano by David Zane Malkowitz, was a thriller with an intellectual background. An English professor, found naked and unconscious on the Majorcan donkey-track, should have been working on the lives of Chopin and George Sand...

Radio Latin portraits. Rows was trying to reproduce the Chopin-Sand relationship with a woman (Shelley Thompson), and things went wrong. Hence the pig-tapes, and hence Chopin's piano pushed down a well - all cleared up at once by the tape-recorder...

Detection of other kinds came on Radio 4. On Friday, Conan Doyle's The Hound of the Baskervilles, first of two parts, adapted by Bert Coules. There is more adventure in this story than there is in detection...

On Sunday we had The Real Mystery of Marie Rogot, where Peter Mackle dealt with the actual murder that Edgar Allan Poe fictionalised. Here we had Poe (Ed Bishop) in hospital in a drink-and-drug extremity, confronted by Dupin, the detective he had invented...

Records

Queen and priestess

Decca's two latest releases featuring Joan Sutherland are Anna Bolena (the issue of which is timed to coincide with the new Royal Opera production) and Norma, both made with (excellent) Welsh National Opera forces...

DECCA'S TWO latest releases featuring Joan Sutherland are Anna Bolena (the issue of which is timed to coincide with the new Royal Opera production) and Norma, both made with (excellent) Welsh National Opera forces...

In the Donizetti, the good moments are rather more numerous. This carefully worked, fluidly shaped, strongly characterized opera, product of the young Donizetti at his boldest and most ambitious, may depend for ultimate success or failure on the singer of its title role - but to a less momentous degree than does Bellini's masterpiece...

Decca's cast is strong. The lustre of Susanna Menzies (a high mezzo-soprano) provides the opera's special character - an intimate drama of entwined emotions charged with high-romantic sensibility and colour.

Decca's cast is strong. The lustre of Susanna Menzies (a high mezzo-soprano) provides the opera's special character - an intimate drama of entwined emotions charged with high-romantic sensibility and colour.

And in the closing scene - a magnificent long sequence in which distressed, sometimes delirious reminiscence is followed by rapt prayer and capped by full-blown (and brilliantly florid) final protest - the nature of the current-phase Sutherland vocal unevennesses can no longer be disguised...

And in the closing scene - a magnificent long sequence in which distressed, sometimes delirious reminiscence is followed by rapt prayer and capped by full-blown (and brilliantly florid) final protest...

And in the closing scene - a magnificent long sequence in which distressed, sometimes delirious reminiscence is followed by rapt prayer and capped by full-blown (and brilliantly florid) final protest...

PICK OF THE WEEK AT CHRISTIE'S. Stained Glass Panel Depicting a Cricket Match (detail). Circa 1938, 41 x 71 cm. THIS UNUSUAL stained glass panel will be one of many lots in the sale of Sporting Memorabilia at Christie's South Kensington on Thursday 2 June at 10.30 a.m. Of particular interest will be three Royal Worcester dessert plates painted with Indian scenes by Harry Davies for E. S. Ranjitsinhji, the legendary Sussex and England batsman of the 1880s and 1890s.

CHESS NO. 724. 1... B-N5 ch; 2 KxB, N-K4 ch; 3 PxB, P-B4 mate.

WEEKEND FT

SPORT



Golf/Ben Wright

An infectious disease

IF THERE IS a more insidious, self-destructive or soul-destroying shot in golf than the dreaded shank or sock it has to be the one who has been haunted by them for fully 40 years. There is a mystique about the affliction that in my early years suffering seemed to be nurtured by the British professionals whose exploits I was being paid to describe.

Many of my kind correspondents cited guaranteed shank-free irons of varying shapes and vintage as their own particular saviours. For instance, Gibsons of Kinghorn produced a "Smith's model", and one of the Archbishops a wry-nosed masher-nick-blick dated 1956 that had preserved the endangered sanity of two victims of this recurring malady.

Racing/Michael Thompson-Noel

Wee Willie wonder

SO NOW we have it - Willie Carson, the Jumping Jack Flash of British racing, has declared that he will ride Minster Son, a colt he bred himself, in next Wednesday's Epsom Derby, following weeks spent pondering the relative merits of trainer Dick Hern's high-powered Derby trio: Minster Son, Unfuwain and the 2,000 Guineas runner-up, Charmar.

scant return, but who now finds herself owning two fancied Derby runners, Charmar and Minster Son. There is a guaranteed minimum of \$500,000 in prize money for the Derby's four finalists, including an estimated first place prize of £23,700, so I wish her a profitable week.



Willie Carson

She spilled a wonderful smile. "What you want to know," she said, "is how much I enjoy my racing. The answer is that I enjoy it tremendously when things go well but that I worry fairly when things go wrong or if accidents occur.

Yachting/Keith Wheatley

Socks ahoy!

PETER GILMOUR never races without his green sun-visor. It looks just fine, and may even be useful, as he wins the Congressional Cup off balmy Long Beach, California, in the chilly Solent fog at the Duracell Lycoming Cup last weekend it looked eccentric, but Gilmour is still winning.

can was about a boatlength ahead of Gilmour. The yachtists were sailing up the final beat, Gilmour taking the left of the course. As they tacked back together the Aussie skipper was on port tack, his opponent on starboard. Gilmour was, as give-way vessel, obliged to pass beneath the other's stern. Conventionally, Bertrand would tuck back to parallel and "cover" the opposition.

FT CROSSWORD No.6,642

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 8, marked Crossword 6,642 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4DF. Solution on Saturday June 11.

Crossword puzzle grid with clues for Across and Down.

SATURDAY

Television programmes in black and white followed by Rugby Union (New Zealand vs Wales), 12.50 Football: England v Italy School Cup, 1.30 News from ITN, 5.55 LWT News and Weather.

TELEVISION AND RADIO

Yorkshire 11.50 am Yorkshire, 12.30 BBC2 on Job. Radio 630 am Graham Knight, 6.35 David Jacobs, 6.55 Sports of the 1980s with Simon Day, 10.15 The Great One, 10.30 The Great One, 10.30 The Great One.

SUNDAY

Television programmes in black and white followed by Rugby Union (New Zealand vs Wales), 12.50 Football: England v Italy School Cup, 1.30 News from ITN, 5.55 LWT News and Weather.

Advertisement for Joan Plowright playing Lady Bracknell and Paul McGann as John Worthing in The Importance of Being Earnest on BBC2 on Sunday, 8.10pm. Includes a photo of the two actors.

Down clues for the crossword puzzle, including '1 Single manuscript in folded paper for carbon copy?' and '2 The answer about illegality is in the lab?'.

Radio 630 am Graham Knight, 6.35 David Jacobs, 6.55 Sports of the 1980s with Simon Day, 10.15 The Great One, 10.30 The Great One, 10.30 The Great One.